

In the Senate of the United States,

October 31, 1997.

Resolved, That the Senate agree to the amendment of the House of Representatives to the bill (S. 1139) entitled “An Act to reauthorize the programs of the Small Business Administration, and for other purposes.” with the following

SENATE AMENDMENT TO HOUSE AMENDMENT:

In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert:

1 *SECTION 1. SHORT TITLE; TABLE OF CONTENTS.*

2 (a) *SHORT TITLE*.—*This Act may be cited as the*
3 *“Small Business Reauthorization Act of 1997”.*

4 (b) *TABLE OF CONTENTS*.—*The table of contents for*
5 *this Act is as follows:*

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

Sec. 3. Effective date.

TITLE I—AUTHORIZATIONS

Sec. 101. Authorizations.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—Microloan Program

- Sec. 201. Microloan program.*
Sec. 202. Welfare-to-work microloan initiative.

Subtitle B—Small Business Investment Company Program

- Sec. 211. 5-year commitments for SBICs at option of Administrator.*
Sec. 212. Underserved areas.
Sec. 213. Private capital.
Sec. 214. Fees.
Sec. 215. Small business investment company program reform.
Sec. 216. Examination fees.

Subtitle C—Certified Development Company Program

- Sec. 221. Loans for plant acquisition, construction, conversion, and expansion.*
Sec. 222. Development company debentures.
Sec. 223. Premier certified lenders program.

Subtitle D—Miscellaneous Provisions

- Sec. 231. Background check of loan applicants.*
Sec. 232. Report on increased lender approval, servicing, foreclosure, liquidation, and litigation of section 7(a) loans.
Sec. 233. Completion of planning for loan monitoring system.

TITLE III—WOMEN’S BUSINESS ENTERPRISES

- Sec. 301. Interagency committee participation.*
Sec. 302. Reports.
Sec. 303. Council duties.
Sec. 304. Council membership.
Sec. 305. Authorization of appropriations.
Sec. 306. National Women’s Business Council procurement project.
Sec. 307. Studies and other research.
Sec. 308. Women’s business centers.

TITLE IV—COMPETITIVENESS PROGRAM AND PROCUREMENT OPPORTUNITIES

Subtitle A—Small Business Competitiveness Program

- Sec. 401. Program term.*
Sec. 402. Monitoring agency performance.
Sec. 403. Reports to Congress.
Sec. 404. Small business participation in dredging.
Sec. 405. Technical amendments.

Subtitle B—Small Business Procurement Opportunities Program

- Sec. 411. Contract bundling.*
Sec. 412. Definition of contract bundling.
Sec. 413. Assessing proposed contract bundling.
Sec. 414. Reporting of bundled contract opportunities.
Sec. 415. Evaluating subcontract participation in awarding contracts.
Sec. 416. Improved notice of subcontracting opportunities.

Sec. 417. Deadlines for issuance of regulations.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. Small Business Technology Transfer program.

Sec. 502. Small Business Development Centers.

Sec. 503. Pilot preferred surety bond guarantee program extension.

Sec. 504. Extension of cosponsorship authority.

Sec. 505. Asset sales.

Sec. 506. Small business export promotion.

Sec. 507. Defense Loan and Technical Assistance program.

Sec. 508. Very small business concerns.

Sec. 509. Trade assistance program for small business concerns adversely affected by NAFTA.

TITLE VI—HUBZONE PROGRAM

Sec. 601. Short title.

Sec. 602. Historically underutilized business zones.

Sec. 603. Technical and conforming amendments to the Small Business Act.

Sec. 604. Other technical and conforming amendments.

Sec. 605. Regulations.

Sec. 606. Report.

Sec. 607. Authorization of appropriations.

TITLE VII—SERVICE DISABLED VETERANS

Sec. 701. Purposes.

Sec. 702. Definitions.

Sec. 703. Report by Small Business Administration.

Sec. 704. Information collection.

Sec. 705. State of small business report.

Sec. 706. Loans to veterans.

Sec. 707. Entrepreneurial training, counseling, and management assistance.

Sec. 708. Grants for eligible veterans' outreach programs.

Sec. 709. Outreach for eligible veterans.

1 SEC. 2. DEFINITIONS.

2 *In this Act—*

3 (1) the term “Administration” means the Small
4 Business Administration;

5 (2) the term “Administrator” means the Admin-
6 istrator of the Small Business Administration;

7 (3) the term “Committees” means the Commit-
8 tees on Small Business of the House of Representa-
9 tives and the Senate; and

1 (4) the term “small business concern” has the
 2 meaning given the term in section 3 of the Small
 3 Business Act (15 U.S.C. 632).

4 **SEC. 3. EFFECTIVE DATE.**

5 This Act and the amendments made by this Act shall
 6 take effect on October 1, 1997.

7 **TITLE I—AUTHORIZATIONS**

8 **SEC. 101. AUTHORIZATIONS.**

9 Section 20 of the Small Business Act (15 U.S.C. 631
 10 note) is amended by striking subsections (c) through (q) and
 11 inserting the following:

12 “(c) *FISCAL YEAR* 1998.—

13 “(1) *PROGRAM LEVELS*.—The following program
 14 levels are authorized for fiscal year 1998:

15 “(A) For the programs authorized by this
 16 Act, the Administration is authorized to make—

17 “(i) \$40,000,000 in technical assist-
 18 ance grants, as provided in section 7(m);
 19 and

20 “(ii) \$60,000,000 in direct loans, as
 21 provided in section 7(m).

22 “(B) For the programs authorized by this
 23 Act, the Administration is authorized to make
 24 \$16,040,000,000 in deferred participation loans

1 *and other financings. Of such sum, the Adminis-*
2 *tration is authorized to make—*

3 “(i) \$12,000,000,000 in general busi-
4 ness loans as provided in section 7(a);

5 “(ii) \$3,000,000,000 in financings as
6 provided in section 7(a)(13) of this Act and
7 section 504 of the Small Business Invest-
8 ment Act of 1958;

9 “(iii) \$1,000,000,000 in loans as pro-
10 vided in section 7(a)(21); and

11 “(iv) \$40,000,000 in loans as provided
12 in section 7(m).

13 “(C) For the programs authorized by title
14 III of the Small Business Investment Act of
15 1958, the Administration is authorized to
16 make—

17 “(i) \$700,000,000 in purchases of par-
18 ticipating securities; and

19 “(ii) \$600,000,000 in guarantees of de-
20 bentures.

21 “(D) For the programs authorized by part
22 B of title IV of the Small Business Investment
23 Act of 1958, the Administration is authorized to
24 enter into guarantees not to exceed
25 \$2,000,000,000, of which not more than

1 \$650,000,000 may be in bonds approved pursu-
 2 ant to section 411(a)(3) of that Act.

3 “(E) The Administration is authorized to
 4 make grants or enter into cooperative agree-
 5 ments—

6 “(i) for the Service Corps of Retired
 7 Executives program authorized by section
 8 8(b)(1), \$4,000,000; and

9 “(ii) for activities of small business de-
 10 velopment centers pursuant to section
 11 21(c)(3)(G), \$15,000,000, to remain avail-
 12 able until expended.

13 “(2) *ADDITIONAL AUTHORIZATIONS.*—

14 “(A) There are authorized to be appro-
 15 priated to the Administration for fiscal year
 16 1998 such sums as may be necessary to carry out
 17 this Act, including administrative expenses and
 18 necessary loan capital for disaster loans pursu-
 19 ant to section 7(b), and to carry out the Small
 20 Business Investment Act of 1958, including sala-
 21 ries and expenses of the Administration.

22 “(B) Notwithstanding subparagraph (A),
 23 for fiscal year 1998—

24 “(i) no funds are authorized to be pro-
 25 vided to carry out the loan program author-

1 *ized by section 7(a)(21) except by transfer*
 2 *from another Federal department or agency*
 3 *to the Administration, unless the program*
 4 *level authorized for general business loans*
 5 *under paragraph (1)(B)(i) is fully funded;*
 6 *and*

7 *“(ii) the Administration may not ap-*
 8 *prove loans on behalf of the Administration*
 9 *or on behalf of any other department or*
 10 *agency, by contract or otherwise, under*
 11 *terms and conditions other than those spe-*
 12 *cifically authorized under this Act or the*
 13 *Small Business Investment Act of 1958, ex-*
 14 *cept that it may approve loans under sec-*
 15 *tion 7(a)(21) of this Act in gross amounts*
 16 *of not more than \$1,250,000.*

17 *“(d) FISCAL YEAR 1999.—*

18 *“(1) PROGRAM LEVELS.—The following program*
 19 *levels are authorized for fiscal year 1999:*

20 *“(A) For the programs authorized by this*
 21 *Act, the Administration is authorized to make—*

22 *“(i) \$40,000,000 in technical assist-*
 23 *ance grants as provided in section 7(m);*
 24 *and*

1 “(ii) \$60,000,000 in direct loans, as
2 provided in section 7(m).

3 “(B) For the programs authorized by this
4 Act, the Administration is authorized to make
5 \$17,540,000,000 in deferred participation loans
6 and other financings. Of such sum, the Adminis-
7 tration is authorized to make—

8 “(i) \$13,000,000,000 in general busi-
9 ness loans as provided in section 7(a);

10 “(ii) \$3,500,000,000 in financings as
11 provided in section 7(a)(13) of this Act and
12 section 504 of the Small Business Invest-
13 ment Act of 1958;

14 “(iii) \$1,000,000,000 in loans as pro-
15 vided in section 7(a)(21); and

16 “(iv) \$40,000,000 in loans as provided
17 in section 7(m).

18 “(C) For the programs authorized by title
19 III of the Small Business Investment Act of
20 1958, the Administration is authorized to
21 make—

22 “(i) \$800,000,000 in purchases of par-
23 ticipating securities; and

24 “(ii) \$700,000,000 in guarantees of de-
25 bentures.

1 “(D) For the programs authorized by part
 2 *B of title IV of the Small Business Investment*
 3 *Act of 1958, the Administration is authorized to*
 4 *enter into guarantees not to exceed*
 5 *\$2,000,000,000, of which not more than*
 6 *\$650,000,000 may be in bonds approved pursu-*
 7 *ant to section 411(a)(3) of that Act.*

8 “(E) The Administration is authorized to
 9 *make grants or enter cooperative agreements—*

10 “(i) for the Service Corps of Retired
 11 *Executives program authorized by section*
 12 *8(b)(1), \$4,500,000; and*

13 “(ii) for activities of small business de-
 14 *velopment centers pursuant to section*
 15 *21(c)(3)(G), not to exceed \$15,000,000, to*
 16 *remain available until expended.*

17 “(2) ADDITIONAL AUTHORIZATIONS.—

18 “(A) There are authorized to be appro-
 19 *priated to the Administration for fiscal year*
 20 *1999 such sums as may be necessary to carry out*
 21 *this Act, including administrative expenses and*
 22 *necessary loan capital for disaster loans pursu-*
 23 *ant to section 7(b), and to carry out the Small*
 24 *Business Investment Act of 1958, including sala-*
 25 *ries and expenses of the Administration.*

1 “(B) Notwithstanding subparagraph (A),
2 for fiscal year 1999—

3 “(i) no funds are authorized to be pro-
4 vided to carry out the loan program author-
5 ized by section 7(a)(21) except by transfer
6 from another Federal department or agency
7 to the Administration, unless the program
8 level authorized for general business loans
9 under paragraph (1)(B)(i) is fully funded;
10 and

11 “(ii) the Administration may not ap-
12 prove loans on behalf of the Administration
13 or on behalf of any other department or
14 agency, by contract or otherwise, under
15 terms and conditions other than those spe-
16 cifically authorized under this Act or the
17 Small Business Investment Act of 1958, ex-
18 cept that it may approve loans under sec-
19 tion 7(a)(21) of this Act in gross amounts
20 of not more than \$1,250,000.

21 “(e) FISCAL YEAR 2000.—

22 “(1) PROGRAM LEVELS.—The following program
23 levels are authorized for fiscal year 2000:

24 “(A) For the programs authorized by this
25 Act, the Administration is authorized to make—

1 “(i) \$40,000,000 in technical assist-
2 ance grants as provided in section 7(m);
3 and

4 “(ii) \$60,000,000 in direct loans, as
5 provided in section 7(m).

6 “(B) For the programs authorized by this
7 Act, the Administration is authorized to make
8 \$20,040,000,000 in deferred participation loans
9 and other financings. Of such sum, the Adminis-
10 tration is authorized to make—

11 “(i) \$14,500,000,000 in general busi-
12 ness loans as provided in section 7(a);

13 “(ii) \$4,500,000,000 in financings as
14 provided in section 7(a)(13) of this Act and
15 section 504 of the Small Business Invest-
16 ment Act of 1958;

17 “(iii) \$1,000,000,000 in loans as pro-
18 vided in section 7(a)(21); and

19 “(iv) \$40,000,000 in loans as provided
20 in section 7(m).

21 “(C) For the programs authorized by title
22 III of the Small Business Investment Act of
23 1958, the Administration is authorized to
24 make—

1 “(i) \$900,000,000 in purchases of par-
2 ticipating securities; and

3 “(ii) \$800,000,000 in guarantees of de-
4 bentures.

5 “(D) For the programs authorized by part
6 B of title IV of the Small Business Investment
7 Act of 1958, the Administration is authorized to
8 enter into guarantees not to exceed
9 \$2,000,000,000, of which not more than
10 \$650,000,000 may be in bonds approved pursu-
11 ant to section 411(a)(3) of that Act.

12 “(E) The Administration is authorized to
13 make grants or enter cooperative agreements—

14 “(i) for the Service Corps of Retired
15 Executives program authorized by section
16 8(b)(1), \$5,000,000; and

17 “(ii) for activities of small business de-
18 velopment centers pursuant to section
19 21(c)(3)(G), not to exceed \$15,000,000, to
20 remain available until expended.

21 “(2) ADDITIONAL AUTHORIZATIONS.—

22 “(A) There are authorized to be appro-
23 priated to the Administration for fiscal year
24 2000 such sums as may be necessary to carry out
25 this Act, including administrative expenses and

1 *necessary loan capital for disaster loans pursu-*
2 *ant to section 7(b), and to carry out the Small*
3 *Business Investment Act of 1958, including sala-*
4 *ries and expenses of the Administration.*

5 “(B) Notwithstanding subparagraph (A),
6 *for fiscal year 2000—*

7 “(i) no funds are authorized to be pro-
8 *vided to carry out the loan program author-*
9 *ized by section 7(a)(21) except by transfer*
10 *from another Federal department or agency*
11 *to the Administration, unless the program*
12 *level authorized for general business loans*
13 *under paragraph (1)(B)(i) is fully funded;*
14 *and*

15 “(ii) the Administration may not ap-
16 *prove loans on behalf of the Administration*
17 *or on behalf of any other department or*
18 *agency, by contract or otherwise, under*
19 *terms and conditions other than those spe-*
20 *cifically authorized under this Act or the*
21 *Small Business Investment Act of 1958, ex-*
22 *cept that it may approve loans under sec-*
23 *tion 7(a)(21) of this Act in gross amounts*
24 *of not more than \$1,250,000.”.*

1 ***TITLE II—FINANCIAL***
 2 ***ASSISTANCE***
 3 ***Subtitle A—Microloan Program***

4 ***SEC. 201. MICROLOAN PROGRAM.***

5 (a) *LOAN LIMITS.*—Section 7(m)(3)(C) of the Small
 6 *Business Act (15 U.S.C. 636(m)(3)(C)) is amended by strik-*
 7 *ing “\$2,500,000” and inserting “\$3,500,000”.*

8 (b) *LOAN LOSS RESERVE FUND.*—Section 7(m)(3)(D)
 9 *of the Small Business Act (15 U.S.C. 636(m)(3)(D)) is*
 10 *amended by striking clauses (i) and (ii), and inserting the*
 11 *following:*

12 “(i) during the initial 5 years of the
 13 intermediary’s participation in the pro-
 14 gram under this subsection, at a level equal
 15 to not more than 15 percent of the outstand-
 16 ing balance of the notes receivable owed to
 17 the intermediary; and

18 “(ii) in each year of participation
 19 thereafter, at a level equal to not more than
 20 the greater of—

21 “(I) 2 times an amount reflecting
 22 the total losses of the intermediary as
 23 a result of participation in the pro-
 24 gram under this subsection, as deter-

1 *mined by the Administrator on a case-*
 2 *by-case basis; or*

3 *“(II) 10 percent of the outstand-*
 4 *ing balance of the notes receivable owed*
 5 *to the intermediary.”.*

6 (c) *AUTHORIZATION OF APPROPRIATIONS.—Section*
 7 *7(m) of the Small Business Act (15 U.S.C. 636(m)) is*
 8 *amended—*

9 (1) *in the subsection heading, by striking “DEM-*
 10 *ONSTRATION”;*

11 (2) *by striking “Demonstration” each place that*
 12 *term appears;*

13 (3) *by striking “demonstration” each place that*
 14 *term appears; and*

15 (4) *in paragraph (12), by striking “during fiscal*
 16 *years 1995 through 1997” and inserting “during fis-*
 17 *cal years 1998 through 2000”.*

18 (d) *TECHNICAL ASSISTANCE GRANTS.—Section 7(m)*
 19 *of the Small Business Act (15 U.S.C. 636(m)) is amended—*

20 (1) *in paragraph (4)(E)—*

21 (A) *by striking “Each intermediary” and*
 22 *inserting the following:*

23 “(i) *IN GENERAL.—Each*
 24 *intermediary”;*

1 (B) by striking “15” and inserting “25”;

2 and

3 (C) by adding at the end the following:

4 “(ii) TECHNICAL ASSISTANCE.—An
5 intermediary may expend not more than 25
6 percent of the funds received under para-
7 graph (1)(B)(ii) to enter into third party
8 contracts for the provision of technical as-
9 sistance.”; and

10 (2) in paragraph (5)(A)—

11 (A) by striking “in each of the 5 years of
12 the demonstration program established under
13 this subsection,”; and

14 (B) by striking “for terms of up to 5 years”
15 and inserting “annually”.

16 **SEC. 202. WELFARE-TO-WORK MICROLOAN INITIATIVE.**

17 (a) INITIATIVE.—Section 7(m) of the Small Business
18 Act (15 U.S.C. 636(m)) is amended—

19 (1) in paragraph (1)(A)—

20 (A) in clause (ii), by striking “and” at the
21 end;

22 (B) in clause (iii), by striking the period at
23 the end and inserting “; and”; and

24 (C) by adding at the end the following:

1 “(iv) to establish a welfare-to-work
 2 microloan initiative, which shall be administered
 3 by the Administration, in order to test the fea-
 4 sibility of supplementing the technical assistance
 5 grants provided under clauses (ii) and (iii) of
 6 subparagraph (B) to individuals who are receiv-
 7 ing assistance under the State program funded
 8 under part A of title IV of the Social Security
 9 Act (42 U.S.C. 601 et seq.), or under any com-
 10 parable State funded means tested program of
 11 assistance for low-income individuals, in order
 12 to adequately assist those individuals in—

13 “(I) establishing small businesses; and

14 “(II) eliminating their dependence on
 15 that assistance.”;

16 (2) in paragraph (4), by adding at the end the
 17 following:

18 “(F) SUPPLEMENTAL GRANT.—

19 “(i) IN GENERAL.—The Administra-
 20 tion may accept any funds transferred to
 21 the Administration from other departments
 22 or agencies of the Federal Government to
 23 make grants in accordance with this sub-
 24 paragraph and section 202(b) of the Small
 25 Business Reauthorization Act of 1997 to

1 *participating intermediaries and technical*
 2 *assistance providers under paragraph (5),*
 3 *for use in accordance with clause (iii) to*
 4 *provide additional technical assistance and*
 5 *related services to recipients of assistance*
 6 *under a State program described in para-*
 7 *graph (1)(A)(iv) at the time they initially*
 8 *apply for assistance under this subpara-*
 9 *graph.*

10 “(ii) *ELIGIBLE RECIPIENTS; GRANT*
 11 *AMOUNTS.—In making grants under this*
 12 *subparagraph, the Administration may se-*
 13 *lect, from among participating*
 14 *intermediaries and technical assistance pro-*
 15 *viders described in clause (i), not more than*
 16 *20 grantees in fiscal year 1998, not more*
 17 *than 25 grantees in fiscal year 1999, and*
 18 *not more than 30 grantees in fiscal year*
 19 *2000, each of whom may receive a grant*
 20 *under this subparagraph in an amount not*
 21 *to exceed \$200,000 per year.*

22 “(iii) *USE OF GRANT AMOUNTS.—*
 23 *Grants under this subparagraph—*

24 “(I) *are in addition to other*
 25 *grants provided under this subsection*

1 *and shall not require the contribution*
 2 *of matching amounts as a condition of*
 3 *eligibility; and*

4 “(II) may be used by a grantee—

5 “(aa) to pay or reimburse a
 6 portion of child care and trans-
 7 portation costs of recipients of as-
 8 sistance described in clause (i), to
 9 the extent such costs are not other-
 10 wise paid by State block grants
 11 under the Child Care Development
 12 Block Grant Act of 1990 (42
 13 U.S.C. 9858 *et seq.*) or under part
 14 A of title IV of the Social Security
 15 Act (42 U.S.C. 601 *et seq.*); and

16 “(bb) for marketing, manage-
 17 ment, and technical assistance to
 18 recipients of assistance described
 19 in clause (i).

20 “(iv) *MEMORANDUM OF UNDERSTAND-*
 21 *ING.—Prior to accepting any transfer of*
 22 *funds under clause (i) from a department or*
 23 *agency of the Federal Government, the Ad-*
 24 *ministration shall enter into a Memorandum*

*dum of Understanding with the department
or agency, which shall—*

*“(I) specify the terms and condi-
tions of the grants under this subpara-
graph; and*

*“(II) provide for appropriate
monitoring of expenditures by each
grantee under this subparagraph and
each recipient of assistance described
in clause (i) who receives assistance
from a grantee under this subpara-
graph, in order to ensure compliance
with this subparagraph by those grant-
ees and recipients of assistance.”;*

*(3) in paragraph (6), by adding at the end the
following:*

*“(E) ESTABLISHMENT OF CHILD CARE OR
TRANSPORTATION BUSINESSES.—In addition to
other eligible small businesses concerns, borrow-
ers under any program under this subsection
may include individuals who will use the loan
proceeds to establish for-profit or nonprofit child
care establishments or businesses providing for-
profit transportation services.”;*

(4) in paragraph (9)—

1 (A) by striking the paragraph designation
 2 and paragraph heading and inserting the follow-
 3 ing:

4 “(9) GRANTS FOR MANAGEMENT, MARKETING,
 5 TECHNICAL ASSISTANCE, AND RELATED SERVICES.—”;
 6 and

7 (B) by adding at the end the following:

8 “(C) WELFARE-TO-WORK MICROLOAN INI-
 9 TIATIVE.—Of amounts made available to carry
 10 out the welfare-to-work microloan initiative
 11 under paragraph (1)(A)(iv) in any fiscal year,
 12 the Administration may use not more than 5
 13 percent to provide technical assistance, either di-
 14 rectly or through contractors, to welfare-to-work
 15 microloan initiative grantees, to ensure that, as
 16 grantees, they have the knowledge, skills, and un-
 17 derstanding of microlending and welfare-to-work
 18 transition, and other related issues, to operate a
 19 successful welfare-to-work microloan initiative.”;
 20 and

21 (5) by adding at the end the following:

22 “(13) EVALUATION OF WELFARE-TO-WORK
 23 MICROLOAN INITIATIVE.—On January 31, 1999, and
 24 annually thereafter, the Administration shall submit
 25 to the Committees on Small Business of the House of

1 *Representatives and the Senate a report on any mon-*
 2 *ies distributed pursuant to paragraph (4)(F).”.*

3 **(b) TRANSFER OF FUNDS.—**

4 **(1) IN GENERAL.—***No funds are authorized to be*
 5 *appropriated or otherwise provided to carry out the*
 6 *grant program under section 7(m)(4)(F) of the Small*
 7 *Business Act (15 U.S.C. 636(m)(4)(F)) (as added by*
 8 *this section), except by transfer from another depart-*
 9 *ment or agency of the Federal Government to the Ad-*
 10 *ministration in accordance with this subsection.*

11 **(2) LIMITATION ON AMOUNTS.—***The total*
 12 *amount transferred to the Administration from other*
 13 *departments and agencies of the Federal Government*
 14 *to carry out the grant program under section*
 15 *7(m)(4)(F) of the Small Business Act (15 U.S.C.*
 16 *636(m)(4)(F)) (as added by this section) shall not ex-*
 17 *ceed—*

18 **(A)** *\$3,000,000 for fiscal year 1998;*

19 **(B)** *\$4,000,000 for fiscal year 1999; and*

20 **(C)** *\$5,000,000 for fiscal year 2000.*

1 ***Subtitle B—Small Business***
 2 ***Investment Company Program***

3 ***SEC. 211. 5-YEAR COMMITMENTS FOR SBICs AT OPTION OF***
 4 ***ADMINISTRATOR.***

5 *Section 20(a)(2) of the Small Business Act (15 U.S.C.*
 6 *631 note) is amended in the last sentence by striking “the*
 7 *following fiscal year” and inserting “any 1 or more of the*
 8 *4 subsequent fiscal years”.*

9 ***SEC. 212. UNDERSERVED AREAS.***

10 *Section 301(c)(4)(B) of the Small Business Investment*
 11 *Act of 1958 (15 U.S.C. 681(c)(4)(B)) is amended to read*
 12 *as follows:*

13 “(B) *LEVERAGE.—An applicant licensed*
 14 *pursuant to the exception provided in this para-*
 15 *graph shall not be eligible to receive leverage as*
 16 *a licensee until the applicant satisfies the re-*
 17 *quirements of section 302(a), unless the appli-*
 18 *cant—*

19 “(i) *files an application for a license*
 20 *not later than 180 days after the date of en-*
 21 *actment of the Small Business Reauthoriza-*
 22 *tion Act of 1997;*

23 “(ii) *is located in a State that is not*
 24 *served by a licensee; and*

1 “(iii) agrees to be limited to 1 tier of
 2 leverage available under section 302(b),
 3 until the applicant meets the requirements
 4 of section 302(a).”.

5 **SEC. 213. PRIVATE CAPITAL.**

6 Section 103(9)(B)(iii) of the Small Business Invest-
 7 ment Act of 1958 (15 U.S.C. 662(9)(B)(iii)) is amended—
 8 (1) by redesignating subclauses (I) and (II) as
 9 subclauses (II) and (III), respectively; and
 10 (2) by inserting before subclause (II) (as redesign-
 11 ated) the following:

12 “(I) funds obtained from the busi-
 13 ness revenues (excluding any govern-
 14 mental appropriation) of any federally
 15 chartered or government-sponsored cor-
 16 poration established prior to October 1,
 17 1987;”.

18 **SEC. 214. FEES.**

19 Section 301 of the Small Business Investment Act of
 20 1958 (15 U.S.C. 681) is amended by adding at the end the
 21 following:

22 “(e) *FEES*.—

23 “(1) *IN GENERAL*.—The Administration may
 24 prescribe fees to be paid by each applicant for a li-

1 *cense to operate as a small business investment com-*
 2 *pany under this Act.*

3 *“(2) USE OF AMOUNTS.—Fees collected under*
 4 *this subsection—*

5 *“(A) shall be deposited in the account for*
 6 *salaries and expenses of the Administration; and*

7 *“(B) are authorized to be appropriated sole-*
 8 *ly to cover the costs of licensing examinations.”.*

9 **SEC. 215. SMALL BUSINESS INVESTMENT COMPANY PRO-**
 10 **GRAM REFORM.**

11 *(a) BANK INVESTMENTS.—Section 302(b) of the Small*
 12 *Business Investment Act of 1958 (15 U.S.C. 682(b)) is*
 13 *amended by striking “1956,” and all that follows before the*
 14 *period and inserting the following: “1956, any national*
 15 *bank, or any member bank of the Federal Reserve System*
 16 *or nonmember insured bank to the extent permitted under*
 17 *applicable State law, may invest in any 1 or more small*
 18 *business investment companies, or in any entity established*
 19 *to invest solely in small business investment companies, ex-*
 20 *cept that in no event shall the total amount of such invest-*
 21 *ments of any such bank exceed 5 percent of the capital and*
 22 *surplus of the bank”.*

23 *(b) INDEXING FOR LEVERAGE.—Section 303 of the*
 24 *Small Business Investment Act of 1958 (15 U.S.C. 683) is*
 25 *amended—*

1 (1) *in subsection (b)—*

2 (A) *in paragraph (2), by adding at the end*
3 *the following:*

4 “(D)(i) *The dollar amounts in subpara-*
5 *graphs (A), (B), and (C) shall be adjusted annu-*
6 *ally to reflect increases in the Consumer Price*
7 *Index established by the Bureau of Labor Statis-*
8 *tics of the Department of Labor.*

9 “(ii) *The initial adjustments made under*
10 *this subparagraph after the date of enactment of*
11 *the Small Business Reauthorization Act of 1997*
12 *shall reflect only increases from March 31,*
13 *1993.”; and*

14 (B) *by striking paragraph (4) and inserting*
15 *the following:*

16 “(4) *MAXIMUM AGGREGATE AMOUNT OF LEVER-*
17 *AGE.—*

18 “(A) *IN GENERAL.—Except as provided in*
19 *subparagraph (B), the aggregate amount of out-*
20 *standing leverage issued to any company or com-*
21 *panies that are commonly controlled (as deter-*
22 *mined by the Administrator) may not exceed*
23 *\$90,000,000, as adjusted annually for increases*
24 *in the Consumer Price Index.*

1 “(B) *EXCEPTIONS.—The Administrator*
2 *may, on a case-by-case basis—*

3 “(i) *approve an amount of leverage*
4 *that exceeds the amount described in sub-*
5 *paragraph (A) for companies under com-*
6 *mon control; and*

7 “(ii) *impose such additional terms and*
8 *conditions as the Administrator determines*
9 *to be appropriate to minimize the risk of*
10 *loss to the Administration in the event of*
11 *default.*

12 “(C) *APPLICABILITY OF OTHER PROVI-*
13 *SIONS.—Any leverage that is issued to a com-*
14 *pany or companies commonly controlled in an*
15 *amount that exceeds \$90,000,000, whether as a*
16 *result of an increase in the Consumer Price*
17 *Index or a decision of the Administrator, is sub-*
18 *ject to subsection (d).”; and*

19 *(2) by striking subsection (d) and inserting the*
20 *following:*

21 “(d) *REQUIRED CERTIFICATIONS.—*

22 “(1) *IN GENERAL.—The Administrator shall re-*
23 *quire each licensee, as a condition of approval of an*
24 *application for leverage, to certify in writing—*

1 “(A) for licensees with leverage less than or
 2 equal to \$90,000,000, that not less than 20 per-
 3 cent of the licensee’s aggregate dollar amount of
 4 financings will be provided to smaller enter-
 5 prises; and

6 “(B) for licensees with leverage in excess of
 7 \$90,000,000, that, in addition to satisfying the
 8 requirements of subparagraph (A), 100 percent
 9 of the licensee’s aggregate dollar amount of
 10 financings made in whole or in part with lever-
 11 age in excess of \$90,000,000 will be provided to
 12 smaller enterprises (as defined in section
 13 103(12)).

14 “(2) *MULTIPLE LICENSEES.*—Multiple licensees
 15 under common control (as determined by the Admin-
 16 istrator) shall be considered to be a single licensee for
 17 purposes of determining both the applicability of and
 18 compliance with the investment percentage require-
 19 ments of this subsection.”.

20 (c) *TAX DISTRIBUTIONS.*—Section 303(g)(8) of the
 21 Small Business Investment Act of 1958 (15 U.S.C.
 22 683(g)(8)) is amended by adding at the end the following:
 23 “A company may also elect to make a distribution under
 24 this paragraph at the end of any calendar quarter based
 25 on a quarterly estimate of the maximum tax liability. If

1 a company makes 1 or more quarterly distributions for a
 2 calendar year, and the aggregate amount of those distribu-
 3 tions exceeds the maximum amount that the company could
 4 have distributed based on a single annual computation, any
 5 subsequent distribution by the company under this para-
 6 graph shall be reduced by an amount equal to the excess
 7 amount distributed.”.

8 (d) *LEVERAGE FEE*.—Section 303(i) of the Small
 9 Business Investment Act of 1958 (15 U.S.C. 683(i)) is
 10 amended by striking “, payable upon” and all that follows
 11 before the period and inserting the following: “in the follow-
 12 ing manner: 1 percent upon the date on which the Adminis-
 13 tration enters into any commitment for such leverage with
 14 the licensee, and the balance of 2 percent (or 3 percent if
 15 no commitment has been entered into by the Administra-
 16 tion) on the date on which the leverage is drawn by the
 17 licensee”.

18 (e) *PERIODIC ISSUANCE OF GUARANTEES AND TRUST*
 19 *CERTIFICATES*.—Section 320 of the Small Business Invest-
 20 ment Act of 1958 (15 U.S.C. 687m) is amended by striking
 21 “three months” and inserting “6 months”.

22 **SEC. 216. EXAMINATION FEES.**

23 Section 310(b) of the Small Business Investment Act
 24 of 1958 (15 U.S.C. 687b(b)) is amended by inserting after
 25 the first sentence the following: “Fees collected under this

1 *subsection shall be deposited in the account for salaries and*
 2 *expenses of the Administration, and are authorized to be*
 3 *appropriated solely to cover the costs of examinations and*
 4 *other program oversight activities.”.*

5 ***Subtitle C—Certified Development***
 6 ***Company Program***

7 ***SEC. 221. LOANS FOR PLANT ACQUISITION, CONSTRU-***
 8 ***CTION, CONVERSION, AND EXPANSION.***

9 *Section 502 of the Small Business Investment Act of*
 10 *1958 (15 U.S.C. 696) is amended—*

11 *(1) by striking paragraph (1) and inserting the*
 12 *following:*

13 *“(1) USE OF PROCEEDS.—The proceeds of any*
 14 *such loan shall be used solely by the borrower to assist*
 15 *1 or more identifiable small business concerns and for*
 16 *a sound business purpose approved by the Adminis-*
 17 *tration.”;*

18 *(2) in paragraph (3), by adding at the end the*
 19 *following:*

20 *“(D) SELLER FINANCING.—Seller-provided*
 21 *financing may be used to meet the requirements*
 22 *of subparagraph (B), if the seller subordinates*
 23 *the interest of the seller in the property to the de-*
 24 *benture guaranteed by the Administration.*

1 “(E) *COLLATERALIZATION.*—*The collateral*
 2 *provided by the small business concern shall gen-*
 3 *erally include a subordinate lien position on the*
 4 *property being financed under this title, and is*
 5 *only 1 of the factors to be evaluated in the credit*
 6 *determination. Additional collateral shall be re-*
 7 *quired only if the Administration determines, on*
 8 *a case by case basis, that additional security is*
 9 *necessary to protect the interest of the Govern-*
 10 *ment.”; and*

11 *(3) by adding at the end the following:*

12 “(5) *LIMITATION ON LEASING.*—*In addition to*
 13 *any portion of the project permitted to be leased*
 14 *under paragraph (4), not to exceed 20 percent of the*
 15 *project may be leased by the assisted small business*
 16 *to 1 or more other tenants, if the assisted small busi-*
 17 *ness occupies permanently and uses not less than a*
 18 *total of 60 percent of the space in the project after the*
 19 *execution of any leases authorized under this sec-*
 20 *tion.”.*

21 **SEC. 222. DEVELOPMENT COMPANY DEBENTURES.**

22 *Section 503 of the Small Business Investment Act of*
 23 *1958 (15 U.S.C. 697) is amended—*

24 *(1) in subsection (b)(7), by striking subpara-*
 25 *graph (A) and inserting the following:*

1 “(A) assesses and collects a fee, which shall
 2 be payable by the borrower, in an amount estab-
 3 lished annually by the Administration, which
 4 amount shall not exceed the lesser of—

5 “(i) 0.9375 percent per year of the out-
 6 standing balance of the loan; and

7 “(ii) the minimum amount necessary
 8 to reduce the cost (as defined in section 502
 9 of the Federal Credit Reform Act of 1990)
 10 to the Administration of purchasing and
 11 guaranteeing debentures under this Act to
 12 zero; and”;

13 (2) in subsection (f), by striking “1997” and in-
 14 serting “2000”.

15 **SEC. 223. PREMIER CERTIFIED LENDERS PROGRAM.**

16 (a) *IN GENERAL.*—Section 508 of the Small Business
 17 Investment Act of 1958 (15 U.S.C. 697e) is amended—

18 (1) in subsection (a), by striking “not more than
 19 15”;

20 (2) in subsection (b)—

21 (A) in paragraph (2)—

22 (i) in the matter preceding subpara-
 23 graph (A), by striking “if such company”;

24 (ii) by striking subparagraphs (A) and
 25 (B) and inserting the following:

1 “(A) if the company is an active certified
 2 development company in good standing and has
 3 been an active participant in the accredited
 4 lenders program during the entire 12-month pe-
 5 riod preceding the date on which the company
 6 submits an application under paragraph (1), ex-
 7 cept that the Administration may waive this re-
 8 quirement if the company is qualified to partici-
 9 pate in the accredited lenders program;

10 “(B) if the company has a history of—

11 “(i) submitting to the Administration
 12 adequately analyzed debenture guarantee
 13 application packages; and

14 “(ii) of properly closing section 504
 15 loans and servicing its loan portfolio;”;

16 (iii) in subparagraph (C)—

17 (I) by inserting “if the company”
 18 after “(C)”;

19 (II) by striking the period at the
 20 end and inserting “; and”;

21 (iv) by adding at the end the following:

22 “(D) the Administrator determines, with re-
 23 spect to the company, that the loss reserve estab-
 24 lished in accordance with subsection (c)(2) is
 25 sufficient for the company to meet its obligations

1 to protect the Federal Government from risk of
2 loss.”; and

3 (B) by adding at the end the following:

4 “(3) *APPLICABILITY OF CRITERIA AFTER DES-*
5 *IGNATION.—The Administrator may revoke the des-*
6 *ignation of a certified development company as a pre-*
7 *mier certified lender under this section at any time,*
8 *if the Administrator determines that the certified de-*
9 *velopment company does not meet any requirement*
10 *described in subparagraphs (A) through (D) of para-*
11 *graph (2).”;*

12 (3) by striking subsection (c) and inserting the
13 following:

14 “(c) *LOSS RESERVE.—*

15 “(1) *ESTABLISHMENT.—A company designated*
16 *as a premier certified lender shall establish a loss re-*
17 *serve for financing approved pursuant to this section.*

18 “(2) *AMOUNT.—The amount of each loss reserve*
19 *established under paragraph (1) shall be 10 percent of*
20 *the amount of the company’s exposure, as determined*
21 *under subsection (b)(2)(C).*

22 “(3) *ASSETS.—Each loss reserve established*
23 *under paragraph (1) shall be comprised of—*

24 “(A) *segregated funds on deposit in an ac-*
25 *count or accounts with a federally insured depos-*

1 *itory institution or institutions selected by the*
 2 *company, subject to a collateral assignment in*
 3 *favor of, and in a format acceptable to, the Ad-*
 4 *ministration;*

5 *“(B) irrevocable letter or letters of credit,*
 6 *with a collateral assignment in favor of, and a*
 7 *commercially reasonable format acceptable to,*
 8 *the Administration; or*

9 *“(C) any combination of the assets described*
 10 *in subparagraphs (A) and (B).*

11 *“(4) CONTRIBUTIONS.—The company shall make*
 12 *contributions to the loss reserve, either cash or letters*
 13 *of credit as provided above, in the following amounts*
 14 *and at the following intervals:*

15 *“(A) 50 percent when a debenture is closed.*

16 *“(B) 25 percent additional not later than 1*
 17 *year after a debenture is closed.*

18 *“(C) 25 percent additional not later than 2*
 19 *years after a debenture is closed.*

20 *“(5) REPLENISHMENT.—If a loss has been sus-*
 21 *tained by the Administration, any portion of the loss*
 22 *reserve, and other funds provided by the premier com-*
 23 *pany as necessary, may be used to reimburse the Ad-*
 24 *ministration for the premier company’s 10 percent*
 25 *share of the loss as provided in subsection (b)(2)(C).*

1 *If the company utilizes the reserve, within 30 days it*
 2 *shall replace an equivalent amount of funds.*

3 “(6) *DISBURSEMENTS.—The Administration*
 4 *shall allow the certified development company to*
 5 *withdraw from the loss reserve amounts attributable*
 6 *to any debenture that has been repaid.”;*

7 (4) *in subsection (d)(1), by striking “to approve*
 8 *loans” and inserting “to approve, authorize, close,*
 9 *service, foreclose, litigate (except that the Administra-*
 10 *tion may monitor the conduct of any such litigation*
 11 *to which a premier certified lender is a party), and*
 12 *liquidate loans”;*

13 (5) *in subsection (f), by striking “State or local”*
 14 *and inserting “certified”;*

15 (6) *in subsection (g), by striking the subsection*
 16 *heading and inserting the following:*

17 “(g) *EFFECT OF SUSPENSION OR REVOCATION.—*”;

18 (7) *by striking subsection (h) and inserting the*
 19 *following:*

20 “(h) *PROGRAM GOALS.—Each certified development*
 21 *company participating in the program under this section*
 22 *shall establish a goal of processing a minimum of not less*
 23 *than 50 percent of the loan applications for assistance*
 24 *under section 504 pursuant to the program authorized*
 25 *under this section.”; and*

1 (8) *in subsection (i), by striking “other lenders”*
 2 *and inserting “other lenders, specifically comparing*
 3 *default rates and recovery rates on liquidations”.*

4 (b) *REGULATIONS.—The Administrator shall—*

5 (1) *not later than 150 days after the date of en-*
 6 *actment of this Act, promulgate regulations to carry*
 7 *out the amendments made by subsection (a); and*

8 (2) *not later than 180 days after the date of en-*
 9 *actment of this Act, issue program guidelines and*
 10 *fully implement the amendments made by subsection*
 11 *(a).*

12 (c) *PROGRAM EXTENSION.—Section 217(b) of the*
 13 *Small Business Reauthorization and Amendments Act of*
 14 *1994 (15 U.S.C. 697e note) is amended by striking “October*
 15 *1, 1997” and inserting “October 1, 2000”.*

16 ***Subtitle D—Miscellaneous*** 17 ***Provisions***

18 ***SEC. 231. BACKGROUND CHECK OF LOAN APPLICANTS.***

19 *Section 7(a) of the Small Business Act (15 U.S.C.*
 20 *636(a)) is amended—*

21 (1) *by striking “(a) The Administration” and*
 22 *inserting the following:*

23 *“(a) LOANS TO SMALL BUSINESS CONCERNS; ALLOW-*
 24 *ABLE PURPOSES; QUALIFIED BUSINESS; RESTRICTIONS*
 25 *AND LIMITATIONS.—The Administration”; and*

1 (2) *in paragraph (1)—*

2 (A) *by striking “(1) No financial” and in-*
 3 *serting the following:*

4 “(1) *IN GENERAL.—*

5 “(A) *CREDIT ELSEWHERE.—No financial*”;
 6 *and*

7 (B) *by adding at the end the following:*

8 “(B) *BACKGROUND CHECKS.—Prior to the*
 9 *approval of any loan made pursuant to this sub-*
 10 *section, or section 503 of the Small Business In-*
 11 *vestment Act of 1958, the Administrator may*
 12 *verify the applicant’s criminal background, or*
 13 *lack thereof, through the best available means,*
 14 *including, if possible, use of the National Crime*
 15 *Information Center computer system at the Fed-*
 16 *eral Bureau of Investigation.”.*

17 **SEC. 232. REPORT ON INCREASED LENDER APPROVAL,**
 18 **SERVICING, FORECLOSURE, LIQUIDATION,**
 19 **AND LITIGATION OF SECTION 7(a) LOANS.**

20 (a) *IN GENERAL.—*

21 (1) *SUBMISSION.—Not later than 6 months after*
 22 *the date of enactment of this Act, the Administrator*
 23 *shall submit to the Committees a report on action*
 24 *taken and planned for future reliance on private sec-*
 25 *tor lender resources to originate, approve, close, serv-*

1 *ice, liquidate, foreclose, and litigate loans made under*
 2 *section 7(a) of the Small Business Act.*

3 (2) *CONTENTS.—The report under this subsection*
 4 *shall address administrative and other steps necessary*
 5 *to achieve the results described in paragraph (1), in-*
 6 *cluding—*

7 (A) *streamlining the process for approving*
 8 *lenders and standardizing requirements;*

9 (B) *establishing uniform reporting require-*
 10 *ments using on-line automated capabilities to*
 11 *the maximum extent feasible;*

12 (C) *reducing paperwork through automa-*
 13 *tion, simplified forms, or incorporation of lend-*
 14 *er's forms;*

15 (D) *providing uniform standards for ap-*
 16 *proval, closing, servicing, foreclosure, and liq-*
 17 *uidation;*

18 (E) *promulgating new regulations or*
 19 *amending existing ones;*

20 (F) *establishing a timetable for implement-*
 21 *ing the plan for reliance on private sector lend-*
 22 *ers;*

23 (G) *implementing organizational changes at*
 24 *SBA; and*

1 (H) *estimating the annual savings that*
 2 *would occur as a result of implementation.*

3 (b) *CONSULTATION.—In preparing the report under*
 4 *subsection (a), the Administrator shall consult with, among*
 5 *others—*

6 (1) *borrowers and lenders under section 7(a) of*
 7 *the Small Business Act;*

8 (2) *small businesses that are potential program*
 9 *participants under section 7(a) of the Small Business*
 10 *Act;*

11 (3) *financial institutions that are potential pro-*
 12 *gram lenders under section 7(a) of the Small Business*
 13 *Act; and*

14 (4) *representative industry associations.*

15 **SEC. 233. COMPLETION OF PLANNING FOR LOAN MONITOR-**
 16 **ING SYSTEM.**

17 (a) *IN GENERAL.—The Administrator shall perform*
 18 *and complete the planning needed to serve as the basis for*
 19 *funding the development and implementation of the com-*
 20 *puterized loan monitoring system, including—*

21 (1) *fully defining the system requirement using*
 22 *on-line, automated capabilities to the extent feasible;*

23 (2) *identifying all data inputs and outputs nec-*
 24 *essary for timely report generation;*

1 (3) benchmark loan monitoring business proc-
 2 esses and systems against comparable industry proc-
 3 esses and, if appropriate, simplify or redefine work
 4 processes based on these benchmarks;

5 (4) determine data quality standards and control
 6 systems for ensuring information accuracy;

7 (5) identify an acquisition strategy and work in-
 8 crements to completion;

9 (6) analyze the benefits and costs of alternatives
 10 and use to demonstrate the advantage of the final
 11 project;

12 (7) ensure that the proposed information system
 13 is consistent with the agency's information architec-
 14 ture; and

15 (8) estimate the cost to system completion, iden-
 16 tifying the essential cost element.

17 (b) *REPORT.*—

18 (1) *IN GENERAL.*—On the date that is 6 months
 19 after the date of enactment of this Act, the Adminis-
 20 trator shall submit a report on the progress of the Ad-
 21 ministrator in carrying out subsection (a) to—

22 (A) the Committees; and

23 (B) the Comptroller General of the United
 24 States.

(2) *EVALUATION.*—Not later than 28 days after receipt of the report under paragraph (1)(B), the Comptroller General of the United States shall—

(A) prepare a written evaluation of the report for compliance with subsection (a); and

(B) submit the evaluation to the Committees.

(3) *LIMITATION.*—None of the funds provided for the purchase of the loan monitoring system may be obligated or expended until 45 days after the date on which the Committees and the Comptroller General of the United States receive the report under paragraph (1).

TITLE III—WOMEN’S BUSINESS ENTERPRISES

SEC. 301. INTERAGENCY COMMITTEE PARTICIPATION.

Section 403 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a)(2)(A)—

(A) by striking “and Amendments Act of 1994” and inserting “Act of 1997”; and

(B) by inserting before the final period “, and who shall report directly to the head of the agency on the status of the activities of the Interagency Committee”;

1 (2) in subsection (a)(2)(B), by inserting before
 2 the final period the following: “and shall report di-
 3 rectly to the Administrator on the status of the activi-
 4 ties on the Interagency Committee and shall serve as
 5 the Interagency Committee Liaison to the National
 6 Women’s Business Council established under section
 7 405”; and

8 (3) in subsection (b), by striking “and Amend-
 9 ments Act of 1994” and inserting “Act of 1997”.

10 **SEC. 302. REPORTS.**

11 Section 404 of the Women’s Business Ownership Act
 12 of 1988 (15 U.S.C. 631 note) is amended—

13 (1) by inserting “, through the Small Business
 14 Administration,” after “transmit”;

15 (2) by striking paragraph (1) and redesignating
 16 paragraphs (2) through (4) as paragraphs (1)
 17 through (3), respectively; and

18 (3) in paragraph (1), as redesignated, by insert-
 19 ing before the semicolon the following: “, including a
 20 verbatim report on the status of progress of the Inter-
 21 agency Committee in meeting its responsibilities and
 22 duties under section 402(a)”.

23 **SEC. 303. COUNCIL DUTIES.**

24 Section 406 of the Women’s Business Ownership Act
 25 of 1988 (15 U.S.C. 631 note) is amended—

1 (1) in subsection (c), by inserting after “Admin-
 2 istrator” the following: “(through the Assistant Ad-
 3 ministrator of the Office of Women’s Business Owner-
 4 ship)”; and

5 (2) in subsection (d)—

6 (A) in paragraph (4), by striking “and” at
 7 the end;

8 (B) in paragraph (5), by striking the period
 9 at the end and inserting a semicolon; and

10 (C) by adding at the end the following:

11 “(6) not later than 90 days after the last day of
 12 each fiscal year, submit to the President and to the
 13 Committee on Small Business of the Senate and the
 14 Committee on Small Business of the House of Rep-
 15 resentatives, a report containing—

16 “(A) a detailed description of the activities
 17 of the council, including a status report on the
 18 Council’s progress toward meeting its duties out-
 19 lined in subsections (a) and (d) of section 406;

20 “(B) the findings, conclusions, and rec-
 21 ommendations of the Council; and

22 “(C) the Council’s recommendations for
 23 such legislation and administrative actions as
 24 the Council considers appropriate to promote the

1 *development of small business concerns owned*
 2 *and controlled by women.*

3 “(e) *FORM OF TRANSMITTAL.*—*The information in-*
 4 *cluded in each report under subsection (d) that is described*
 5 *in subparagraphs (A) through (C) of subsection (d)(6), shall*
 6 *be reported verbatim, together with any separate additional,*
 7 *concurring, or dissenting views of the Administrator.”.*

8 **SEC. 304. COUNCIL MEMBERSHIP.**

9 *Section 407 of the Women’s Business Ownership Act*
 10 *of 1988 (15 U.S.C. 631 note) is amended—*

11 *(1) in subsection (a), by striking “and Amend-*
 12 *ments Act of 1994” and inserting “Act of 1997”;*

13 *(2) in subsection (b)—*

14 *(A) by striking “and Amendments Act of*
 15 *1994” and inserting “Act of 1997”;*

16 *(B) by inserting after “the Administrator*
 17 *shall” the following: “, after receiving the rec-*
 18 *ommendations of the Chairman and the Ranking*
 19 *Member of the Committees on Small Business of*
 20 *the House of Representatives and the Senate,”;*

21 *(C) by striking “9” and inserting “14”;*

22 *(D) in paragraph (1), by striking “2” and*
 23 *inserting “4”;*

24 *(E) in paragraph (2), by striking “2” and*
 25 *inserting “4”; and*

1 (F) in paragraph (3)—

2 (i) by striking “5” and inserting “6”;

3 (ii) by striking “national”; and

4 (iii) by inserting “, including rep-
5 resentatives of women’s business center
6 sites” before the period at the end;

7 (3) in subsection (c), by inserting “(including
8 both urban and rural areas)” after “geographic”;

9 (4) by striking subsection (d) and inserting the
10 following:

11 “(d) *TERMS.*—Each member of the Council shall be
12 appointed for a term of 3 years, except that, of the initial
13 members appointed to the Council—

14 “(1) 2 members appointed under subsection
15 (b)(1) shall be appointed for a term of 1 year;

16 “(2) 2 members appointed under subsection
17 (b)(2) shall be appointed for a term of 1 year; and

18 “(3) each member appointed under subsection
19 (b)(3) shall be appointed for a term of 2 years.”; and

20 (5) by striking subsection (f) and inserting the
21 following:

22 “(f) *VACANCIES.*—

23 “(1) *IN GENERAL.*—A vacancy on the Council
24 shall be filled not later than 30 days after the date
25 on which the vacancy occurs, in the manner in which

1 *the original appointment was made, and shall be sub-*
 2 *ject to any conditions that applied to the original ap-*
 3 *pointment.*

4 *“(2) UNEXPIRED TERM.—An individual chosen*
 5 *to fill a vacancy shall be appointed for the unexpired*
 6 *term of the member replaced.”.*

7 **SEC. 305. AUTHORIZATION OF APPROPRIATIONS.**

8 *Section 409 of the Women’s Business Ownership Act*
 9 *of 1988 (15 U.S.C. 631 note) is amended to read as follows:*

10 **“SEC. 411. AUTHORIZATION OF APPROPRIATIONS.**

11 *“(a) IN GENERAL.—There is authorized to be appro-*
 12 *priated to carry out this title \$600,000, for each of fiscal*
 13 *years 1998 through 2000, of which \$200,000 shall be avail-*
 14 *able in each fiscal year to carry out sections 409 and 410.*

15 *“(b) BUDGET REVIEW.—No amount made available*
 16 *under this section for any fiscal year may be obligated or*
 17 *expended by the Council before the date on which the Coun-*
 18 *cil reviews and approves the operating budget of the Council*
 19 *to carry out the responsibilities of the Council for that fiscal*
 20 *year.”.*

21 **SEC. 306. NATIONAL WOMEN’S BUSINESS COUNCIL PRO-**
 22 **CUREMENT PROJECT.**

23 *The Women’s Business Ownership Act of 1988 (15*
 24 *U.S.C. 631 note) is amended by inserting after section 408*
 25 *the following:*

1 **“SEC. 409. NATIONAL WOMEN’S BUSINESS COUNCIL PRO-**
 2 **CUREMENT PROJECT.**

3 *“(a) FEDERAL PROCUREMENT STUDY.—*

4 *“(1) IN GENERAL.—During the first fiscal year*
 5 *for which amounts are made available to carry out*
 6 *this section, the Council shall conduct a study on the*
 7 *award of Federal prime contracts and subcontracts to*
 8 *women-owned businesses, which study shall include—*

9 *“(A) an analysis of data collected by Fed-*
 10 *eral agencies on contract awards to women-*
 11 *owned businesses;*

12 *“(B) a determination of the degree to which*
 13 *individual Federal agencies are in compliance*
 14 *with the 5 percent women-owned business pro-*
 15 *curement goal established by section 15(g)(1) of*
 16 *the Small Business Act (15 U.S.C. 644(g)(1));*

17 *“(C) a determination of the types and*
 18 *amounts of Federal contracts characteristically*
 19 *awarded to women-owned businesses; and*

20 *“(D) other relevant information relating to*
 21 *participation of women-owned businesses in Fed-*
 22 *eral procurement.*

23 *“(2) SUBMISSION OF RESULTS.—Not later than*
 24 *12 months after initiating the study under paragraph*
 25 *(1), the Council shall submit to the Committees on*
 26 *Small Business of the House of Representatives and*

1 *the Senate, and to the President, the results of the*
 2 *study conducted under paragraph (1).*

3 “(b) *BEST PRACTICES REPORT.*—*Not later than 18*
 4 *months after initiating the study under subsection (a)(1),*
 5 *the Council shall submit to the Committees on Small Busi-*
 6 *ness of the House of Representatives and the Senate, and*
 7 *to the President, a report, which shall include—*

8 “(1) *an analysis of the most successful practices*
 9 *in attracting women-owned businesses as prime con-*
 10 *tractors and subcontractors by—*

11 “(A) *Federal agencies (as supported by*
 12 *findings from the study required under sub-*
 13 *section (a)(1)) in Federal procurement awards;*
 14 *and*

15 “(B) *the private sector; and*

16 “(2) *recommendations for policy changes in Fed-*
 17 *eral procurement practices, including an increase in*
 18 *the Federal procurement goal for women-owned busi-*
 19 *nesses, in order to maximize the number of women-*
 20 *owned businesses performing Federal contracts.*

21 “(c) *CONTRACT AUTHORITY.*—*In conducting any*
 22 *study or other research under this section, the Council may*
 23 *contract with 1 or more public or private entities.”.*

1 **SEC. 307. STUDIES AND OTHER RESEARCH.**

2 *The Women’s Business Ownership Act of 1988 (15*
 3 *U.S.C. 631 note) is amended by inserting after section 409*
 4 *(as added by section 306 of this title) the following:*

5 **“SEC. 410. STUDIES AND OTHER RESEARCH.**

6 “(a) *IN GENERAL.*—*To the extent that it does not*
 7 *delay submission of the report under section 409(b), the*
 8 *Council may also conduct such studies and other research*
 9 *relating to the award of Federal prime contracts and sub-*
 10 *contracts to women-owned businesses, or to issues relating*
 11 *to access to credit and investment capital by women entre-*
 12 *preneurs, as the Council determines to be appropriate.*

13 “(b) *CONTRACT AUTHORITY.*—*In conducting any*
 14 *study or other research under this section, the Council may*
 15 *contract with 1 or more public or private entities.”.*

16 **SEC. 308. WOMEN’S BUSINESS CENTERS.**

17 “(a) *IN GENERAL.*—*Section 29 of the Small Business*
 18 *Act (15 U.S.C. 656) is amended to read as follows:*

19 **“SEC. 29. WOMEN’S BUSINESS CENTER PROGRAM.**

20 “(a) *DEFINITIONS.*—*In this section—*

21 “(1) *the term ‘Assistant Administrator’ means*
 22 *the Assistant Administrator of the Office of Women’s*
 23 *Business Ownership established under subsection (g);*

24 “(2) *the term ‘small business concern owned and*
 25 *controlled by women’, either startup or existing, in-*
 26 *cludes any small business concern—*

1 “(A) that is not less than 51 percent owned
2 by 1 or more women; and

3 “(B) the management and daily business
4 operations of which are controlled by 1 or more
5 women; and

6 “(3) the term ‘women’s business center site’
7 means the location of—

8 “(A) a women’s business center; or

9 “(B) 1 or more women’s business centers, es-
10 tablished in conjunction with another women’s
11 business center in another location within a
12 State or region—

13 “(i) that reach a distinct population
14 that would otherwise not be served;

15 “(ii) whose services are targeted to
16 women; and

17 “(iii) whose scope, function, and ac-
18 tivities are similar to those of the primary
19 women’s business center or centers in con-
20 junction with which it was established.

21 “(b) *AUTHORITY.*—The Administration may provide
22 financial assistance to private organizations to conduct 5-
23 year projects for the benefit of small business concerns
24 owned and controlled by women. The projects shall pro-
25 vide—

1 “(1) *financial assistance, including training and*
 2 *counseling in how to apply for and secure business*
 3 *credit and investment capital, preparing and present-*
 4 *ing financial statements, and managing cash flow*
 5 *and other financial operations of a business concern;*

6 “(2) *management assistance, including training*
 7 *and counseling in how to plan, organize, staff, direct,*
 8 *and control each major activity and function of a*
 9 *small business concern; and*

10 “(3) *marketing assistance, including training*
 11 *and counseling in identifying and segmenting domes-*
 12 *tic and international market opportunities, preparing*
 13 *and executing marketing plans, developing pricing*
 14 *strategies, locating contract opportunities, negotiating*
 15 *contracts, and utilizing varying public relations and*
 16 *advertising techniques.*

17 “(c) *CONDITIONS OF PARTICIPATION.—*

18 “(1) *NON-FEDERAL CONTRIBUTIONS.—As a con-*
 19 *dition of receiving financial assistance authorized by*
 20 *this section, the recipient organization shall agree to*
 21 *obtain, after its application has been approved and*
 22 *notice of award has been issued, cash contributions*
 23 *from non-Federal sources as follows:*

24 “(A) *in the first and second years, 1 non-*
 25 *Federal dollar for each 2 Federal dollars;*

1 “(B) in the third and fourth years, 1 non-
2 Federal dollar for each Federal dollar; and

3 “(C) in the fifth year, 2 non-Federal dollars
4 for each Federal dollar.

5 “(2) FORM OF NON-FEDERAL CONTRIBUTIONS.—
6 Not more than one-half of the non-Federal sector
7 matching assistance may be in the form of in-kind
8 contributions that are budget line items only, includ-
9 ing office equipment and office space.

10 “(3) FORM OF FEDERAL CONTRIBUTIONS.—The
11 financial assistance authorized pursuant to this sec-
12 tion may be made by grant, contract, or cooperative
13 agreement and may contain such provision, as nec-
14 essary, to provide for payments in lump sum or in-
15 stallments, and in advance or by way of reimburse-
16 ment. The Administration may disburse up to 25 per-
17 cent of each year’s Federal share awarded to a recipi-
18 ent organization after notice of the award has been is-
19 sued and before the non-Federal sector matching funds
20 are obtained.

21 “(4) FAILURE TO OBTAIN NON-FEDERAL FUND-
22 ING.—If any recipient of assistance fails to obtain the
23 required non-Federal contribution during any project,
24 it shall not be eligible thereafter for advance disburse-
25 ments pursuant to paragraph (3) during the remain-

1 *der of that project, or for any other project for which*
 2 *it is or may be funded by the Administration, and*
 3 *prior to approving assistance to such organization for*
 4 *any other projects, the Administration shall specifi-*
 5 *cally determine whether the Administration believes*
 6 *that the recipient will be able to obtain the requisite*
 7 *non-Federal funding and enter a written finding set-*
 8 *ting forth the reasons for making such determination.*

9 *“(d) CONTRACT AUTHORITY.—A women’s business*
 10 *center may enter into a contract with a Federal department*
 11 *or agency to provide specific assistance to women and other*
 12 *underserved small business concerns. Performance of such*
 13 *contract should not hinder the women’s business centers in*
 14 *carrying out the terms of the grant received by the women’s*
 15 *business centers from the Administration.*

16 *“(e) SUBMISSION OF 5-YEAR PLAN.—Each applicant*
 17 *organization initially shall submit a 5-year plan to the Ad-*
 18 *ministration on proposed fundraising and training activi-*
 19 *ties, and a recipient organization may receive financial as-*
 20 *sistance under this program for a maximum of 5 years per*
 21 *women’s business center site.*

22 *“(f) CRITERIA.—The Administration shall evaluate*
 23 *and rank applicants in accordance with predetermined se-*
 24 *lection criteria that shall be stated in terms of relative im-*
 25 *portance. Such criteria and their relative importance shall*

1 *be made publicly available and stated in each solicitation*
 2 *for applications made by the Administration. The criteria*
 3 *shall include—*

4 “(1) *the experience of the applicant in conduct-*
 5 *ing programs or ongoing efforts designed to impart or*
 6 *upgrade the business skills of women business owners*
 7 *or potential owners;*

8 “(2) *the present ability of the applicant to com-*
 9 *mence a project within a minimum amount of time;*

10 “(3) *the ability of the applicant to provide train-*
 11 *ing and services to a representative number of women*
 12 *who are both socially and economically disadvan-*
 13 *taged; and*

14 “(4) *the location for the women’s business center*
 15 *site proposed by the applicant.*

16 “(g) *OFFICE OF WOMEN’S BUSINESS OWNERSHIP.—*

17 “(1) *ESTABLISHMENT.—There is established*
 18 *within the Administration an Office of Women’s*
 19 *Business Ownership, which shall be responsible for the*
 20 *administration of the Administration’s programs for*
 21 *the development of women’s business enterprises (as*
 22 *defined in section 408 of the Women’s Business Own-*
 23 *ership Act of 1988 (15 U.S.C. 631 note)). The Office*
 24 *of Women’s Business Ownership shall be administered*

1 *by an Assistant Administrator, who shall be ap-*
 2 *pointed by the Administrator.*

3 “(2) ASSISTANT ADMINISTRATOR OF THE OFFICE
 4 OF WOMEN’S BUSINESS OWNERSHIP.—

5 “(A) QUALIFICATION.—*The position of As-*
 6 *sistant Administrator shall be a Senior Execu-*
 7 *tive Service position under section 3132(a)(2) of*
 8 *title 5, United States Code. The Assistant Ad-*
 9 *ministrator shall serve as a noncareer appointee*
 10 *(as defined in section 3132(a)(7) of that title).*

11 “(B) RESPONSIBILITIES AND DUTIES.—

12 “(i) RESPONSIBILITIES.—*The respon-*
 13 *sibilities of the Assistant Administrator*
 14 *shall be to administer the programs and*
 15 *services of the Office of Women’s Business*
 16 *Ownership established to assist women en-*
 17 *trepreneurs in the areas of—*

18 “(I) *starting and operating a*
 19 *small business;*

20 “(II) *development of management*
 21 *and technical skills;*

22 “(III) *seeking Federal procure-*
 23 *ment opportunities; and*

24 “(IV) *increasing the opportunity*
 25 *for access to capital.*

1 “(ii) *DUTIES.—The Assistant Admin-*
2 *istrator shall—*

3 “(I) *administer and manage the*
4 *Women’s Business Center program;*

5 “(II) *recommend the annual ad-*
6 *ministrative and program budgets for*
7 *the Office of Women’s Business Owner-*
8 *ship (including the budget for the*
9 *Women’s Business Center program);*

10 “(III) *establish appropriate fund-*
11 *ing levels therefore;*

12 “(IV) *review the annual budgets*
13 *submitted by each applicant for the*
14 *Women’s Business Center program;*

15 “(V) *select applicants to partici-*
16 *pate in the program under this section;*

17 “(VI) *implement this section;*

18 “(VII) *maintain a clearinghouse*
19 *to provide for the dissemination and*
20 *exchange of information between wom-*
21 *en’s business centers;*

22 “(VIII) *serve as the vice chair-*
23 *person of the Interagency Committee*
24 *on Women’s Business Enterprise;*

1 “(IX) serve as liaison for the Na-
 2 tional Women’s Business Council; and
 3 “(X) advise the Administrator on
 4 appointments to the Women’s Business
 5 Council.

6 “(C) CONSULTATION REQUIREMENTS.—In
 7 carrying out the responsibilities and duties de-
 8 scribed in this paragraph, the Assistant Admin-
 9 istrator shall confer with and seek the advice of
 10 the Administration officials in areas served by
 11 the women’s business centers.

12 “(h) PROGRAM EXAMINATION.—

13 “(1) IN GENERAL.—Not later than 180 days
 14 after the date of enactment of the Small Business Re-
 15 authorization Act of 1997, the Administrator shall de-
 16 velop and implement an annual programmatic and
 17 financial examination of each women’s business cen-
 18 ter established pursuant to this section.

19 “(2) EXTENSION OF CONTRACTS.—In extending
 20 or renewing a contract with a women’s business cen-
 21 ter, the Administrator shall consider the results of the
 22 examination conducted under paragraph (1).

23 “(i) CONTRACT AUTHORITY.—The authority of the Ad-
 24 ministrator to enter into contracts shall be in effect for each
 25 fiscal year only to the extent and in the amounts as are

1 *provided in advance in appropriations Acts. After the Ad-*
 2 *ministrator has entered into a contract, either as a grant*
 3 *or a cooperative agreement, with any applicant under this*
 4 *section, it shall not suspend, terminate, or fail to renew or*
 5 *extend any such contract unless the Administrator provides*
 6 *the applicant with written notification setting forth the rea-*
 7 *sons therefore and affords the applicant an opportunity for*
 8 *a hearing, appeal, or other administrative proceeding under*
 9 *chapter 5 of title 5, United States Code.*

10 “(j) *REPORT.—The Administrator shall prepare and*
 11 *submit an annual report to the Committees on Small Busi-*
 12 *ness of the House of Representatives and the Senate on the*
 13 *effectiveness of all projects conducted under the authority*
 14 *of this section. Such report shall provide information con-*
 15 *cerning—*

16 “(1) *the number of individuals receiving assist-*
 17 *ance;*

18 “(2) *the number of startup business concerns*
 19 *formed;*

20 “(3) *the gross receipts of assisted concerns;*

21 “(4) *increases or decreases in profits of assisted*
 22 *concerns; and*

23 “(5) *the employment increases or decreases of as-*
 24 *sisted concerns.*

25 “(k) *AUTHORIZATION OF APPROPRIATIONS.—*

1 “(1) *IN GENERAL.*—*There is authorized to be ap-*
 2 *propriated \$8,000,000 for each fiscal year to carry*
 3 *out the projects authorized under this section, of*
 4 *which, for fiscal year 1998, not more than 5 percent*
 5 *may be used for administrative expenses related to the*
 6 *program under this section.*

7 “(2) *USE OF AMOUNTS.*—*Amounts made avail-*
 8 *able under this subsection for fiscal year 1999, and*
 9 *each fiscal year thereafter, may only be used for grant*
 10 *awards and may not be used for costs incurred by the*
 11 *Administration in connection with the management*
 12 *and administration of the program under this section.*

13 “(3) *EXPEDITED ACQUISITION.*—*Notwithstand-*
 14 *ing any other provision of law, the Administrator,*
 15 *acting through the Assistant Administrator, may use*
 16 *such expedited acquisition methods as the Adminis-*
 17 *trator determines to be appropriate to carry out this*
 18 *section, except that the Administrator shall ensure*
 19 *that all small business sources are provided a reason-*
 20 *able opportunity to submit proposals.”.*

21 **(b) *APPLICABILITY.*—**

22 **(1) *IN GENERAL.*—***Subject to paragraph (2), any*
 23 *organization conducting a 3-year project under sec-*
 24 *tion 29 of the Small Business Act (15 U.S.C. 656) (as*
 25 *in effect on the day before the effective date of this*

1 *Act) on September 30, 1997, may request an exten-*
 2 *sion of the term of that project to a total term of 5*
 3 *years. If such an extension is made, the organization*
 4 *shall receive financial assistance in accordance with*
 5 *section 29(c) of the Small Business Act (as amended*
 6 *by this section) subject to procedures established by*
 7 *the Administrator, in coordination with the Assistant*
 8 *Administrator of the Office of Women's Business*
 9 *Ownership established under section 29 of the Small*
 10 *Business Act (15 U.S.C. 656) (as amended by this*
 11 *section).*

12 (2) *TERMS OF ASSISTANCE FOR CERTAIN ORGA-*
 13 *NIZATIONS.—Any organization operating in the third*
 14 *year of a 3-year project under section 29 of the Small*
 15 *Business Act (15 U.S.C. 656) (as in effect on the day*
 16 *before the effective date of this Act) on September 30,*
 17 *1997, may request an extension of the term of that*
 18 *project to a total term of 5 years. If such an extension*
 19 *is made, during the fourth and fifth years of the*
 20 *project, the organization shall receive financial assist-*
 21 *ance in accordance with section 29(c)(1)(C) of the*
 22 *Small Business Act (as amended by this section) sub-*
 23 *ject to procedures established by the Administrator, in*
 24 *coordination with the Assistant Administrator of the*
 25 *Office of Women's Business Ownership established*

1 *under section 29 of the Small Business Act (15 U.S.C.*
 2 *656) (as amended by this section).*

3 ***TITLE IV—COMPETITIVENESS***
 4 ***PROGRAM AND PROCURE-***
 5 ***MENT OPPORTUNITIES***

6 ***Subtitle A—Small Business***
 7 ***Competitiveness Program***

8 ***SEC. 401. PROGRAM TERM.***

9 *Section 711(c) of the Small Business Competitiveness*
 10 *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*
 11 *is amended by striking “, and terminate on September 30,*
 12 *1997”.*

13 ***SEC. 402. MONITORING AGENCY PERFORMANCE.***

14 *Section 712(d)(1) of the Small Business Competitive-*
 15 *ness Demonstration Program Act of 1988 (15 U.S.C. 644*
 16 *note) is amended to read as follows:*

17 *“(1) Participating agencies shall monitor the at-*
 18 *tainment of their small business participation goals*
 19 *on an annual basis. An annual review by each par-*
 20 *ticipating agency shall be completed not later than*
 21 *January 31 of each year, based on the data for the*
 22 *preceding fiscal year, from October 1 through Septem-*
 23 *ber 30.”.*

1 **SEC. 403. REPORTS TO CONGRESS.**

2 Section 716(a) of the Small Business Competitiveness
3 *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*
4 *is amended—*

5 (1) by striking “1996” and inserting “2000”;

6 (2) by striking “for Federal Procurement Policy”
7 *and inserting “of the Small Business Administra-*
8 *tion”;* and

9 (3) by striking “Government Operations” and
10 *inserting “Government Reform and Oversight”.*

11 **SEC. 404. SMALL BUSINESS PARTICIPATION IN DREDGING.**

12 Section 722(a) of the Small Business Competitiveness
13 *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*
14 *is amended by striking “and terminating on September 30,*
15 *1997”.*

16 **SEC. 405. TECHNICAL AMENDMENTS.**

17 Section 717 of the Small Business Competitiveness
18 *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*
19 *is amended—*

20 (1) by inserting “or North American Industrial
21 *Classification Code”* after “standard industrial classi-
22 *fication code”* each place it appears; and

23 (2) by inserting “or North American Industrial
24 *Classification Codes”* after “standard industrial clas-
25 *sification codes”* each place it appears.

1 ***Subtitle B—Small Business Pro-***
 2 ***curement Opportunities Pro-***
 3 ***gram***

4 **SEC. 411. CONTRACT BUNDLING.**

5 *Section 2 of the Small Business Act (15 U.S.C. 631)*
 6 *is amended by adding at the end the following:*

7 “(j) *CONTRACT BUNDLING.—In complying with the*
 8 *statement of congressional policy expressed in subsection*
 9 *(a), relating to fostering the participation of small business*
 10 *concerns in the contracting opportunities of the Govern-*
 11 *ment, each Federal agency, to the maximum extent prac-*
 12 *ticable, shall—*

13 *“(1) comply with congressional intent to foster*
 14 *the participation of small business concerns as prime*
 15 *contractors, subcontractors, and suppliers;*

16 *“(2) structure its contracting requirements to fa-*
 17 *cilitate competition by and among small business*
 18 *concerns, taking all reasonable steps to eliminate ob-*
 19 *stacles to their participation; and*

20 *“(3) avoid unnecessary and unjustified bundling*
 21 *of contract requirements that precludes small business*
 22 *participation in procurements as prime contractors.”.*

23 **SEC. 412. DEFINITION OF CONTRACT BUNDLING.**

24 *Section 3 of the Small Business Act (15 U.S.C. 632)*
 25 *is amended by adding at the end the following:*

1 “(0) *DEFINITIONS OF BUNDLING OF CONTRACT RE-*
 2 *QUIREMENTS AND RELATED TERMS.—In this Act:*

3 “(1) *BUNDLED CONTRACT.—The term ‘bundled*
 4 *contract’ means a contract that is entered into to*
 5 *meet requirements that are consolidated in a bundling*
 6 *of contract requirements.*

7 “(2) *BUNDLING OF CONTRACT REQUIREMENTS.—*
 8 *The term ‘bundling of contract requirements’ means*
 9 *consolidating 2 or more procurement requirements for*
 10 *goods or services previously provided or performed*
 11 *under separate smaller contracts into a solicitation of*
 12 *offers for a single contract that is likely to be unsuit-*
 13 *able for award to a small-business concern due to—*

14 “(A) *the diversity, size, or specialized na-*
 15 *ture of the elements of the performance specified;*

16 “(B) *the aggregate dollar value of the an-*
 17 *ticipated award;*

18 “(C) *the geographical dispersion of the con-*
 19 *tract performance sites; or*

20 “(D) *any combination of the factors de-*
 21 *scribed in subparagraphs (A), (B), and (C).*

22 “(3) *SEPARATE SMALLER CONTRACT.—The term*
 23 *‘separate smaller contract’, with respect to a bundling*
 24 *of contract requirements, means a contract that has*
 25 *been performed by 1 or more small business concerns*

1 *or was suitable for award to 1 or more small business*
 2 *concerns.”.*

3 **SEC. 413. ASSESSING PROPOSED CONTRACT BUNDLING.**

4 *(a) IN GENERAL.—Section 15 of the Small Business*
 5 *Act (15 U.S.C. 644) is amended by inserting after sub-*
 6 *section (d) the following:*

7 *“(e) PROCUREMENT STRATEGIES; CONTRACT BUN-*
 8 *DLING.—*

9 *“(1) IN GENERAL.—To the maximum extent*
 10 *practicable, procurement strategies used by the var-*
 11 *ious agencies having contracting authority shall fa-*
 12 *cilitate the maximum participation of small business*
 13 *concerns as prime contractors, subcontractors, and*
 14 *suppliers.*

15 *“(2) MARKET RESEARCH.—*

16 *“(A) IN GENERAL.—Before proceeding with*
 17 *an acquisition strategy that could lead to a con-*
 18 *tract containing consolidated procurement re-*
 19 *quirements, the head of an agency shall conduct*
 20 *market research to determine whether consolida-*
 21 *tion of the requirements is necessary and justi-*
 22 *fied.*

23 *“(B) FACTORS.—For purposes of subpara-*
 24 *graph (A), consolidation of the requirements may*
 25 *be determined as being necessary and justified if,*

as compared to the benefits that would be derived from contracting to meet those requirements if not consolidated, the Federal Government would derive from the consolidation measurably substantial benefits, including any combination of benefits that, in combination, are measurably substantial. Benefits described in the preceding sentence may include the following:

“(i) Cost savings.

“(ii) Quality improvements.

“(iii) Reduction in acquisition cycle times.

“(iv) Better terms and conditions.

“(v) Any other benefits.

“(C) *REDUCTION OF COSTS NOT DETERMINATIVE.*—The reduction of administrative or personnel costs alone shall not be a justification for bundling of contract requirements unless the cost savings are expected to be substantial in relation to the dollar value of the procurement requirements to be consolidated.

“(3) *STRATEGY SPECIFICATIONS.*—If the head of a contracting agency determines that a proposed procurement strategy for a procurement involves a sub-

1 *stantial bundling of contract requirements, the pro-*
2 *posed procurement strategy shall—*

3 *“(A) identify specifically the benefits antici-*
4 *pated to be derived from the bundling of contract*
5 *requirements;*

6 *“(B) set forth an assessment of the specific*
7 *impediments to participation by small business*
8 *concerns as prime contractors that result from*
9 *the bundling of contract requirements and speci-*
10 *fy actions designed to maximize small business*
11 *participation as subcontractors (including sup-*
12 *pliers) at various tiers under the contract or con-*
13 *tracts that are awarded to meet the requirements;*
14 *and*

15 *“(C) include a specific determination that*
16 *the anticipated benefits of the proposed bundled*
17 *contract justify its use.*

18 *“(4) CONTRACT TEAMING.—In the case of a solici-*
19 *itation of offers for a bundled contract that is issued*
20 *by the head of an agency, a small-business concern*
21 *may submit an offer that provides for use of a par-*
22 *ticular team of subcontractors for the performance of*
23 *the contract. The head of the agency shall evaluate the*
24 *offer in the same manner as other offers, with due*
25 *consideration to the capabilities of all of the proposed*

1 subcontractors. *If a small business concern teams*
 2 *under this paragraph, it shall not affect its status as*
 3 *a small business concern for any other purpose.”.*

4 (b) *ADMINISTRATION REVIEW.*—Section 15(a) of the
 5 *Small Business Act (15 U.S.C. 644(a)) is amended in the*
 6 *third sentence—*

7 (1) *by inserting “or the solicitation involves an*
 8 *unnecessary or unjustified bundling of contract re-*
 9 *quirements, as determined by the Administration,”*
 10 *after “discrete construction projects,”;*

11 (2) *by striking “or (4)” and inserting “(4)”;* and

12 (3) *by inserting before the period at the end of*
 13 *the sentence the following: “, or (5) why the agency*
 14 *has determined that the bundled contract (as defined*
 15 *in section 3(o)) is necessary and justified”.*

16 (c) *RESPONSIBILITIES OF AGENCY SMALL BUSINESS*
 17 *ADVOCATES.*—Section 15(k) of the *Small Business Act (15*
 18 *U.S.C. 644(k)) is amended—*

19 (1) *by redesignating paragraphs (5) through (9)*
 20 *as paragraphs (6) through (10), respectively; and*

21 (2) *by inserting after paragraph (4) the follow-*
 22 *ing:*

23 “(5) *identify proposed solicitations that involve*
 24 *significant bundling of contract requirements, and*
 25 *work with the agency acquisition officials and the Ad-*

(a) *DATA COLLECTION REQUIRED.—The Federal Procurement Data System described in section 6(d)(4)(A) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)(4)(A)) shall be modified to collect data regarding bundling of contract requirements when the contracting officer anticipates that the resulting contract price, including all options, is expected to exceed \$5,000,000. The data shall reflect a determination made by the contracting officer regarding whether a particular solicitation constitutes a contract bundling.*

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1 **SEC. 415. EVALUATING SUBCONTRACT PARTICIPATION IN**
 2 **AWARDING CONTRACTS.**

3 *Section 8(d)(4) of the Small Business Act (15 U.S.C.*
 4 *637(d)(4)) is amended by adding at the end the following:*

5 *“(G) The following factors shall be designated by*
 6 *the Federal agency as significant factors for purposes*
 7 *of evaluating offers for a bundled contract where the*
 8 *head of the agency determines that the contract offers*
 9 *a significant opportunity for subcontracting:*

10 *“(i) A factor that is based on the rate pro-*
 11 *vided under the subcontracting plan for small*
 12 *business participation in the performance of the*
 13 *contract.*

14 *“(ii) For the evaluation of past performance*
 15 *of an offeror, a factor that is based on the extent*
 16 *to which the offeror attained applicable goals for*
 17 *small business participation in the performance*
 18 *of contracts.”.*

19 **SEC. 416. IMPROVED NOTICE OF SUBCONTRACTING OPPOR-**
 20 **TUNITIES.**

21 *(a) USE OF THE COMMERCE BUSINESS DAILY AU-*
 22 *THORIZED.—Section 8 of the Small Business Act (15*
 23 *U.S.C. 637) is amended by adding at the end the following:*

24 *“(k) NOTICES OF SUBCONTRACTING OPPORTUNI-*
 25 *TIES.—*

1 “(1) *IN GENERAL.*—Notices of subcontracting op-
 2 portunities may be submitted for publication in the
 3 *Commerce Business Daily* by—

4 “(A) a business concern awarded a contract
 5 by an executive agency subject to subsection
 6 (e)(1)(C); and

7 “(B) a business concern that is a sub-
 8 contractor or supplier (at any tier) to such con-
 9 tractor having a subcontracting opportunity in
 10 excess of \$10,000.

11 “(2) *CONTENT OF NOTICE.*—The notice of a sub-
 12 contracting opportunity shall include—

13 “(A) a description of the business oppor-
 14 tunity that is comparable to the description spec-
 15 ified in paragraphs (1), (2), (3), and (4) of sub-
 16 section (f); and

17 “(B) the due date for receipt of offers.”.

18 (b) *REGULATIONS REQUIRED.*—The *Federal Acquisi-*
 19 *tion Regulation* shall be amended to provide uniform imple-
 20 mentation of the amendments made by this section.

21 (c) *CONFORMING AMENDMENT.*—Section 8(e)(1)(C) of
 22 the *Small Business Act* (15 U.S.C. 637(e)(1)(C)) is amend-
 23 ed by striking “\$25,000” each place that term appears and
 24 inserting “\$100,000”.

1 **SEC. 417. DEADLINES FOR ISSUANCE OF REGULATIONS.**

2 (a) *PROPOSED REGULATIONS.*—*Proposed amendments*
 3 *to the Federal Acquisition Regulation or proposed Small*
 4 *Business Administration regulations under this subtitle*
 5 *and the amendments made by this subtitle shall be pub-*
 6 *lished not later than 120 days after the date of enactment*
 7 *of this Act for the purpose of obtaining public comment pur-*
 8 *suant to section 22 of the Office of Federal Procurement*
 9 *Policy Act (41 U.S.C. 418b), or chapter 5 of title 5, United*
 10 *States Code, as appropriate. The public shall be afforded*
 11 *not less than 60 days to submit comments.*

12 (b) *FINAL REGULATIONS.*—*Final regulations shall be*
 13 *published not later than 270 days after the date of enact-*
 14 *ment of this Act. The effective date for such final regulations*
 15 *shall be not less than 30 days after the date of publication.*

16 **TITLE V—MISCELLANEOUS**
 17 **PROVISIONS**

18 **SEC. 501. SMALL BUSINESS TECHNOLOGY TRANSFER PRO-**
 19 **GRAM.**

20 (a) *REQUIRED EXPENDITURES.*—*Section 9(n) of the*
 21 *Small Business Act (15 U.S.C. 638(n)) is amended by strik-*
 22 *ing paragraph (1) and inserting the following:*

23 “(1) *REQUIRED EXPENDITURE AMOUNTS.*—*With*
 24 *respect to fiscal years 1998, 1999, 2000, and 2001,*
 25 *each Federal agency that has an extramural budget*
 26 *for research, or research and development, in excess of*

1 \$1,000,000,000 for that fiscal year, is authorized to
 2 expend with small business concerns not less than
 3 0.15 percent of that extramural budget specifically in
 4 connection with STTR programs that meet the re-
 5 quirements of this section and any policy directives
 6 and regulations issued under this section.”.

7 ***(b) REPORTS AND OUTREACH.—***

8 ***(1) IN GENERAL.—***Section 9 of the Small Busi-
 9 ness Act (15 U.S.C. 638) is amended—

10 ***(A) in subsection (o)—***

11 ***(i) by redesignating paragraphs (8)***
 12 ***through (11) as paragraphs (10) through***
 13 ***(13), respectively; and***

14 ***(ii) by inserting after paragraph (7)***
 15 ***the following:***

16 ***“(8) include, as part of its annual performance***
 17 ***plan as required by subsections (a) and (b) of section***
 18 ***1115 of title 31, United States Code, a section on its***
 19 ***STTR program, and shall submit such section to the***
 20 ***Committee on Small Business of the Senate, and the***
 21 ***Committee on Science and the Committee on Small***
 22 ***Business of the House of Representatives;***

23 ***“(9) collect such data from awardees as is nec-***
 24 ***essary to assess STTR program outputs and out-***
 25 ***comes;”;***

1 (B) in subsection (e)(4)(A), by striking
2 “(ii)”; and

3 (C) by adding at the end the following:

4 “(s) *OUTREACH.*—

5 “(1) *DEFINITION OF ELIGIBLE STATE.*—In this
6 subsection, the term ‘eligible State’ means a State—

7 “(A) if the total value of contracts awarded
8 to the State during fiscal year 1995 under this
9 section was less than \$5,000,000; and

10 “(B) that certifies to the Administration de-
11 scribed in paragraph (2) that the State will,
12 upon receipt of assistance under this subsection,
13 provide matching funds from non-Federal
14 sources in an amount that is not less than 50
15 percent of the amount provided under this sub-
16 section.

17 “(2) *PROGRAM AUTHORITY.*—Of amounts made
18 available to carry out this section for fiscal year
19 1998, 1999, 2000, or 2001 the Administrator may ex-
20 pend with eligible States not more than \$2,000,000 in
21 each such fiscal year in order to increase the partici-
22 pation of small business concerns located in those
23 States in the programs under this section.

1 “(3) *AMOUNT OF ASSISTANCE.*—*The amount of*
 2 *assistance provided to an eligible State under this*
 3 *subsection in any fiscal year—*

4 “(A) *shall be equal to twice the total*
 5 *amount of matching funds from non-Federal*
 6 *sources provided by the State; and*

7 “(B) *shall not exceed \$100,000.*

8 “(4) *USE OF ASSISTANCE.*—*Assistance provided*
 9 *to an eligible State under this subsection shall be used*
 10 *by the State, in consultation with State and local de-*
 11 *partments and agencies, for programs and activities*
 12 *to increase the participation of small business con-*
 13 *cerns located in the State in the programs under this*
 14 *section, including—*

15 “(A) *the establishment of quantifiable per-*
 16 *formance goals, including goals relating to—*

17 “(i) *the number of program awards*
 18 *under this section made to small business*
 19 *concerns in the State; and*

20 “(ii) *the total amount of Federal re-*
 21 *search and development contracts awarded*
 22 *to small business concerns in the State;*

23 “(B) *the provision of competition outreach*
 24 *support to small business concerns in the State*

1 *that are involved in research and development;*
 2 *and*

3 “(C) *the development and dissemination of*
 4 *educational and promotional information relat-*
 5 *ing to the programs under this section to small*
 6 *business concerns in the State.*

7 “(t) *INCLUSION IN STRATEGIC PLANS.—Program in-*
 8 *formation relating to the SBIR and STTR programs shall*
 9 *be included by each Federal agency in any update or revi-*
 10 *sion required of the Federal agency under section 306(b)*
 11 *of title 5, United States Code.”.*

12 (2) *REPEAL.—Effective October 1, 2001, section*
 13 *9(s) of the Small Business Act (as added by para-*
 14 *graph (1) of this subsection) is repealed.*

15 **SEC. 502. SMALL BUSINESS DEVELOPMENT CENTERS.**

16 (a) *IN GENERAL.—Section 21(a) of the Small Business*
 17 *Act (15 U.S.C. 648(a)) is amended—*

18 (1) *in paragraph (1)—*

19 (A) *by inserting “any women’s business*
 20 *center operating pursuant to section 29,” after*
 21 *“credit or finance corporation,”;*

22 (B) *by inserting “or a women’s business*
 23 *center operating pursuant to section 29” after*
 24 *“other than an institution of higher education”;*
 25 *and*

1 (C) by inserting “and women’s business
 2 centers operating pursuant to section 29” after
 3 “utilize institutions of higher education”;
 4 (2) in paragraph (3)—

5 (A) by striking “, but with” and all that
 6 follows through “parties.” and inserting the fol-
 7 lowing: “for the delivery of programs and serv-
 8 ices to the small business community. Such pro-
 9 grams and services shall be jointly developed, ne-
 10 gotiated, and agreed upon, with full participa-
 11 tion of both parties, pursuant to an executed co-
 12 operative agreement between the Small Business
 13 Development Center applicant and the Adminis-
 14 tration.”; and

15 (B) by adding at the end the following:

16 “(C) On an annual basis, the Small Business
 17 Development Center shall review and coordinate pub-
 18 lic and private partnerships and cosponsorships with
 19 the Administration for the purpose of more efficiently
 20 leveraging available resources on a National and a
 21 State basis.”;

22 (3) in paragraph (4)(C)—

23 (A) by striking clause (i) and inserting the
 24 following:

25 “(i) IN GENERAL.—

1 “(I) *GRANT AMOUNT.*—Subject to sub-
 2 *clauses (II) and (III), the amount of a*
 3 *grant received by a State under this section*
 4 *shall be equal to the greater of \$500,000, or*
 5 *the sum of—*

6 “(aa) *the State’s pro rata share of*
 7 *the national program, based upon the*
 8 *population of the State as compared to*
 9 *the total population of the United*
 10 *States; and*

11 “(bb) *\$300,000 in fiscal year*
 12 *1998, \$400,000 in fiscal year 1999,*
 13 *and \$500,000 in each fiscal year there-*
 14 *after.*

15 “(II) *PRO RATA REDUCTIONS.*—If the
 16 *amount made available to carry out this*
 17 *section for any fiscal year is insufficient to*
 18 *carry out subclause (I)(bb), the Administra-*
 19 *tion shall make pro rata reductions in the*
 20 *amounts otherwise payable to States under*
 21 *subclause (I)(bb).*

22 “(III) *MATCHING REQUIREMENT.*—The
 23 *amount of a grant received by a State*
 24 *under this section shall not exceed the*
 25 *amount of matching funds from sources*

1 *other than the Federal Government provided*
 2 *by the State under subparagraph (A).”; and*
 3 *(B) in clause (iii), by striking “(iii)” and*
 4 *all that follows through “1997.” and inserting*
 5 *the following:*

6 “(iii) NATIONAL PROGRAM.—*There are au-*
 7 *thorized to be appropriated to carry out the na-*
 8 *tional program under this section—*

9 “(I) \$85,000,000 for fiscal year 1998;

10 “(II) \$90,000,000 for fiscal year 1999;

11 *and*

12 “(III) \$95,000,000 for fiscal year 2000

13 *and each fiscal year thereafter.”; and*

14 *(4) in paragraph (6)—*

15 *(A) in subparagraph (A), by striking “and”*
 16 *at the end;*

17 *(B) in subparagraph (B), by striking the*
 18 *comma at the end and inserting “; and”; and*

19 *(C) inserting after subparagraph (B) the*
 20 *following:*

21 “(C) *with outreach, development, and en-*
 22 *hancement of minority-owned small business*
 23 *startups or expansions, HUBZone small business*
 24 *concerns, veteran-owned small business startups*
 25 *or expansions, and women-owned small business*

1 *startups or expansions, in communities impacted*
 2 *by base closings or military or corporate*
 3 *downsizing, or in rural or underserved commu-*
 4 *nities;”.*

5 **(b) SBDC SERVICES.**—*Section 21(c) of the Small*
 6 *Business Act (15 U.S.C. 648(c)) is amended—*

7 *(1) in paragraph (3)—*

8 *(A) in subparagraph (A), by striking “busi-*
 9 *nesses;” and inserting “businesses, including—*

10 *“(i) working with individuals to increase*
 11 *awareness of basic credit practices and credit re-*
 12 *quirements;*

13 *“(ii) working with individuals to develop-*
 14 *ment business plans, financial packages, credit*
 15 *applications, and contract proposals;*

16 *“(iii) working with the Administration to*
 17 *develop and provide informational tools for use*
 18 *in working with individuals on pre-business*
 19 *startup planning, existing business expansion,*
 20 *and export planning; and*

21 *“(iv) working with individuals referred by*
 22 *the local offices of the Administration and Ad-*
 23 *ministration participating lenders;”;*

1 (B) in each of subparagraphs (B), (C), (D),
 2 (E), (F), (G), (M), (N), (O), (Q), and (R) by
 3 moving each margin 2 ems to the left; and

4 (C) in subparagraph (C), by inserting “and
 5 the Administration” after “Center”;

6 (2) in paragraph (5)—

7 (A) by moving the margin 2 ems to the
 8 right;

9 (B) by striking “paragraph (a)(1)” and in-
 10 serting “subsection (a)(1)”;

11 (C) by striking “which ever” and inserting
 12 “whichever”; and

13 (D) by striking “last,,” and inserting
 14 “last,”;

15 (3) by redesignating paragraphs (4) through (7)
 16 as paragraphs (5) through (8), respectively; and

17 (4) in paragraph (3), in the undesignated mate-
 18 rial following subparagraph (R), by striking “A
 19 small” and inserting the following:

20 “(4) A small”.

21 (c) *COMPETITIVE AWARDS*.—Section 21(l) of the Small
 22 Business Act (15 U.S.C. 648(l)) is amended by adding at
 23 the end the following: “If any contract or cooperative agree-
 24 ment under this section with an entity that is covered by
 25 this section is not renewed or extended, any award of a

1 *successor contract or cooperative agreement under this sec-*
 2 *tion to another entity shall be made on a competitive*
 3 *basis.”.*

4 (d) *PROHIBITION ON CERTAIN FEES.—Section 21 of*
 5 *the Small Business Act (15 U.S.C. 648) is amended by add-*
 6 *ing at the end the following:*

7 “(m) *PROHIBITION ON CERTAIN FEES.—A small busi-*
 8 *ness development center shall not impose or otherwise collect*
 9 *a fee or other compensation in connection with the provi-*
 10 *sion of counseling services under this section.”.*

11 **SEC. 503. PILOT PREFERRED SURETY BOND GUARANTEE**
 12 **PROGRAM EXTENSION.**

13 *Section 207 of the Small Business Administration Re-*
 14 *authorization and Amendment Act of 1988 (15 U.S.C. 694b*
 15 *note) is amended by striking “September 30, 1997” and in-*
 16 *serting “September 30, 2000”.*

17 **SEC. 504. EXTENSION OF COSPONSORSHIP AUTHORITY.**

18 *Section 401(a)(2) of the Small Business Administra-*
 19 *tion Reauthorization and Amendments Act of 1994 (15*
 20 *U.S.C. 637 note) is amended by striking “September 30,*
 21 *1997” and inserting “September 30, 2000”.*

22 **SEC. 505. ASSET SALES.**

23 *In connection with the Administration’s implementa-*
 24 *tion of a program to sell to the private sector loans and*
 25 *other assets held by the Administration, the Administration*

1 *shall provide to the Committees a copy of the draft and*
 2 *final plans describing the sale and the anticipated benefits*
 3 *resulting from such sale.*

4 **SEC. 506. SMALL BUSINESS EXPORT PROMOTION.**

5 *(a) IN GENERAL.—Section 21(c)(3) of the Small Busi-*
 6 *ness Act (15 U.S.C. 648(c)(3)) is amended—*

7 *(1) in subparagraph (Q), by striking “and” at*
 8 *the end;*

9 *(2) in subparagraph (R), by striking the period*
 10 *at the end and inserting “; and”; and*

11 *(3) by inserting after subparagraph (R) the fol-*
 12 *lowing:*

13 *“(S) providing small business owners with access*
 14 *to a wide variety of export-related information by es-*
 15 *tablishing on-line computer linkages between small*
 16 *business development centers and an international*
 17 *trade data information network with ties to the Ex-*
 18 *port Assistance Center program.”.*

19 *(b) AUTHORIZATION OF APPROPRIATIONS.—There is*
 20 *authorized to be appropriated to carry out section*
 21 *21(c)(3)(S) of the Small Business Act (15 U.S.C.*
 22 *648(c)(3)(S)), as added by this section, \$1,500,000 for each*
 23 *fiscal years 1998 and 1999.*

1 **SEC. 507. DEFENSE LOAN AND TECHNICAL ASSISTANCE**
2 **PROGRAM.**

3 (a) *DELTA PROGRAM AUTHORIZED.*—

4 (1) *IN GENERAL.*—*The Administrator may ad-*
5 *minister the Defense Loan and Technical Assistance*
6 *program in accordance with the authority and re-*
7 *quirements of this section.*

8 (2) *EXPIRATION OF AUTHORITY.*—*The authority*
9 *of the Administrator to carry out the DELTA pro-*
10 *gram under paragraph (1) shall terminate when the*
11 *funds referred to in subsection (g)(1) have been ex-*
12 *pended.*

13 (3) *DELTA PROGRAM DEFINED.*—*In this sec-*
14 *tion, the terms “Defense Loan and Technical Assist-*
15 *ance program” and “DELTA program” mean the De-*
16 *fense Loan and Technical Assistance program that*
17 *has been established by a memorandum of under-*
18 *standing entered into by the Administrator and the*
19 *Secretary of Defense on June 26, 1995.*

20 (b) *ASSISTANCE.*—

21 (1) *AUTHORITY.*—*Under the DELTA program,*
22 *the Administrator may assist small business concerns*
23 *that are economically dependent on defense expendi-*
24 *tures to acquire dual-use capabilities.*

25 (2) *FORMS OF ASSISTANCE.*—*Forms of assistance*
26 *authorized under paragraph (1) are as follows:*

1 (A) *LOAN GUARANTEES.*—*Loan guarantees*
 2 *under the terms and conditions specified under*
 3 *this section and other applicable law.*

4 (B) *NONFINANCIAL ASSISTANCE.*—*Other*
 5 *forms of assistance that are not financial.*

6 (c) *ADMINISTRATION OF PROGRAM.*—*In the adminis-*
 7 *tration of the DELTA program under this section, the Ad-*
 8 *ministrator shall—*

9 (1) *process applications for DELTA program*
 10 *loan guarantees;*

11 (2) *guarantee repayment of the resulting loans*
 12 *in accordance with this section; and*

13 (3) *take such other actions as are necessary to*
 14 *administer the program.*

15 (d) *SELECTION AND ELIGIBILITY REQUIREMENTS FOR*
 16 *DELTA LOAN GUARANTEES.*—

17 (1) *IN GENERAL.*—*The selection criteria and eli-*
 18 *gibility requirements set forth in this subsection shall*
 19 *be applied in the selection of small business concerns*
 20 *to receive loan guarantees under the DELTA pro-*
 21 *gram.*

22 (2) *SELECTION CRITERIA.*—*The criteria used for*
 23 *the selection of a small business concern to receive a*
 24 *loan guarantee under this section are as follows:*

1 (A) *The selection criteria established under*
2 *the memorandum of understanding referred to in*
3 *subsection (a)(3).*

4 (B) *The extent to which the loans to be*
5 *guaranteed would support the retention of de-*
6 *fense workers whose employment would otherwise*
7 *be permanently or temporarily terminated as a*
8 *result of reductions in expenditures by the Unit-*
9 *ed States for defense, the termination or can-*
10 *cellation of a defense contract, the failure to pro-*
11 *ceed with an approved major weapon system, the*
12 *merger or consolidation of the operations of a de-*
13 *fense contractor, or the closure or realignment of*
14 *a military installation.*

15 (C) *The extent to which the loans to be*
16 *guaranteed would stimulate job creation and*
17 *new economic activities in communities most ad-*
18 *versely affected by reductions in expenditures by*
19 *the United States for defense, the termination or*
20 *cancellation of a defense contract, the failure to*
21 *proceed with an approved major weapon system,*
22 *the merger or consolidation of the operations of*
23 *a defense contractor, or the closure or realign-*
24 *ment of a military installation.*

1 (D) *The extent to which the loans to be*
 2 *guaranteed would be used to acquire (or permit*
 3 *the use of other funds to acquire) capital equip-*
 4 *ment to modernize or expand the facilities of the*
 5 *borrower to enable the borrower to remain in the*
 6 *national technology and industrial base avail-*
 7 *able to the Department of Defense.*

8 (3) *ELIGIBILITY REQUIREMENTS.—To be eligible*
 9 *for a loan guarantee under the DELTA program, a*
 10 *borrower must demonstrate to the satisfaction of the*
 11 *Administrator that, during any 1 of the 5 preceding*
 12 *operating years of the borrower, not less than 25 per-*
 13 *cent of the value of the borrower's sales were derived*
 14 *from—*

15 (A) *contracts with the Department of De-*
 16 *fense or the defense-related activities of the De-*
 17 *partment of Energy; or*

18 (B) *subcontracts in support of defense-relat-*
 19 *ed prime contracts.*

20 (e) *MAXIMUM AMOUNT OF LOAN PRINCIPAL.—With re-*
 21 *spect to each borrower, the maximum amount of loan prin-*
 22 *cipal for which the Administrator may provide a guarantee*
 23 *under this section during a fiscal year may not exceed*
 24 *\$1,250,000.*

1 (f) *LOAN GUARANTY RATE.*—*The maximum allowable*
 2 *guarantee percentage for loans guaranteed under this sec-*
 3 *tion may not exceed 80 percent.*

4 (g) *FUNDING.*—

5 (1) *IN GENERAL.*—*The funds that have been*
 6 *made available for loan guarantees under the DELTA*
 7 *program and have been transferred from the Depart-*
 8 *ment of Defense to the Small Business Administration*
 9 *before the date of the enactment of this Act shall be*
 10 *used for carrying out the DELTA program under this*
 11 *section.*

12 (2) *CONTINUED AVAILABILITY OF EXISTING*
 13 *FUNDS.*—*The funds made available under the second*
 14 *proviso under the heading “RESEARCH, DEVELOP-*
 15 *MENT, TEST AND EVALUATION, DEFENSE-WIDE” in*
 16 *Public Law 103–335 (108 Stat. 2613) shall be avail-*
 17 *able until expended—*

18 (A) *to cover the costs (as defined in section*
 19 *502(5) of the Federal Credit Reform Act of 1990*
 20 *(2 U.S.C. 661a(5))) of loan guarantees issued*
 21 *under this section; and*

22 (B) *to cover the reasonable costs of the ad-*
 23 *ministration of the loan guarantees.*

1 **SEC. 508. VERY SMALL BUSINESS CONCERNS.**

2 *Section 304(i) of the Small Business Administration*
 3 *Reauthorization and Amendments Act of 1994 (15 U.S.C.*
 4 *644 note) is amended by striking “September 30, 1998” and*
 5 *inserting “September 30, 2000”.*

6 **SEC. 509. TRADE ASSISTANCE PROGRAM FOR SMALL BUSI-**
 7 **NESS CONCERNS ADVERSELY AFFECTED BY**
 8 **NAFTA.**

9 *The Administrator shall coordinate Federal assistance*
 10 *in order to provide counseling to small business concerns*
 11 *adversely affected by the North American Free Trade Agree-*
 12 *ment.*

13 **TITLE VI—HUBZONE PROGRAM**

14 **SEC. 601. SHORT TITLE.**

15 *This title may be cited as the “HUBZone Act of 1997”.*

16 **SEC. 602. HISTORICALLY UNDERUTILIZED BUSINESS**
 17 **ZONES.**

18 *(a) DEFINITIONS.—Section 3 of the Small Business*
 19 *Act (15 U.S.C. 632) (as amended by section 412 of this Act)*
 20 *is amended by adding at the end the following:*

21 *“(p) DEFINITIONS RELATING TO HUBZONES.—In*
 22 *this Act:*

23 *“(1) HISTORICALLY UNDERUTILIZED BUSINESS*
 24 *ZONE.—The term ‘historically underutilized business*
 25 *zone’ means any area located within 1 or more—*

26 *“(A) qualified census tracts;*

1 “(B) *qualified nonmetropolitan counties; or*
 2 “(C) *lands within the external boundaries of*
 3 *an Indian reservation.*

4 “(2) *HUBZONE.—The term ‘HUBZone’ means a*
 5 *historically underutilized business zone.*

6 “(3) *HUBZONE SMALL BUSINESS CONCERN.—*
 7 *The term ‘HUBZone small business concern’ means a*
 8 *small business concern—*

9 “(A) *that is owned and controlled by 1 or*
 10 *more persons, each of whom is a United States*
 11 *citizen; and*

12 “(B) *the principal office of which is located*
 13 *in a HUBZone; or*

14 “(4) *QUALIFIED AREAS.—*

15 “(A) *QUALIFIED CENSUS TRACT.—The term*
 16 *‘qualified census tract’ has the meaning given*
 17 *that term in section 42(d)(5)(C)(ii)(I) of the In-*
 18 *ternal Revenue Code of 1986.*

19 “(B) *QUALIFIED NONMETROPOLITAN COUN-*
 20 *TY.—The term ‘qualified nonmetropolitan coun-*
 21 *ty’ means any county—*

22 “(i) *that, based on the most recent data*
 23 *available from the Bureau of the Census of*
 24 *the Department of Commerce—*

1 “(I) is not located in a metropoli-
 2 tan statistical area (as defined in sec-
 3 tion 143(k)(2)(B) of the Internal Reve-
 4 nue Code of 1986); and

5 “(II) in which the median house-
 6 hold income is less than 80 percent of
 7 the nonmetropolitan State median
 8 household income; or

9 “(ii) that, based on the most recent
 10 data available from the Secretary of Labor,
 11 has an unemployment rate that is not less
 12 than 140 percent of the statewide average
 13 unemployment rate for the State in which
 14 the county is located.

15 “(5) QUALIFIED HUBZONE SMALL BUSINESS
 16 CONCERN.—

17 “(A) IN GENERAL.—A HUBZone small
 18 business concern is ‘qualified’, if—

19 “(i) the small business concern has cer-
 20 tified in writing to the Administrator (or
 21 the Administrator otherwise determines,
 22 based on information submitted to the Ad-
 23 ministrator by the small business concern,
 24 or based on certification procedures, which

1 *shall be established by the Administration*
2 *by regulation) that—*

3 *“(I) it is a HUBZone small busi-*
4 *ness concern;*

5 *“(II) not less than 35 percent of*
6 *the employees of the small business*
7 *concern reside in a HUBZone, and the*
8 *small business concern will attempt to*
9 *maintain this employment percentage*
10 *during the performance of any contract*
11 *awarded to the small business concern*
12 *on the basis of a preference provided*
13 *under section 31(b); and*

14 *“(III) with respect to any sub-*
15 *contract entered into by the small busi-*
16 *ness concern pursuant to a contract*
17 *awarded to the small business concern*
18 *under section 31, the small business*
19 *concern will ensure that—*

20 *“(aa) in the case of a con-*
21 *tract for services (except construc-*
22 *tion), not less than 50 percent of*
23 *the cost of contract performance*
24 *incurred for personnel will be ex-*
25 *pended for its employees or for*

1 employees of other HUBZone
2 small business concerns; and

3 “(bb) in the case of a con-
4 tract for procurement of supplies
5 (other than procurement from a
6 regular dealer in such supplies),
7 not less than 50 percent of the cost
8 of manufacturing the supplies
9 (not including the cost of mate-
10 rials) will be incurred in connec-
11 tion with the performance of the
12 contract in a HUBZone by 1 or
13 more HUBZone small business
14 concerns; and

15 “(ii) no certification made or informa-
16 tion provided by the small business concern
17 under clause (i) has been, in accordance
18 with the procedures established under sec-
19 tion 31(c)(1)—

20 “(I) successfully challenged by an
21 interested party; or

22 “(II) otherwise determined by the
23 Administrator to be materially false.

24 “(B) CHANGE IN PERCENTAGES.—The Ad-
25 ministrator may utilize a percentage other than

1 *the percentage specified in under item (aa) or*
 2 *(bb) of subparagraph (A)(i)(III), if the Adminis-*
 3 *trator determines that such action is necessary to*
 4 *reflect conventional industry practices among*
 5 *small business concerns that are below the nu-*
 6 *merical size standard for businesses in that in-*
 7 *dustry category.*

8 *“(C) CONSTRUCTION AND OTHER CON-*
 9 *TRACTS.—The Administrator shall promulgate*
 10 *final regulations imposing requirements that are*
 11 *similar to those specified in subclauses (IV) and*
 12 *(V) of subparagraph (A)(i) on contracts for gen-*
 13 *eral and specialty construction, and on contracts*
 14 *for any other industry category that would not*
 15 *otherwise be subject to those requirements. The*
 16 *percentage applicable to any such requirement*
 17 *shall be determined in accordance with subpara-*
 18 *graph (B).*

19 *“(D) LIST OF QUALIFIED SMALL BUSINESS*
 20 *CONCERNS.—The Administrator shall establish*
 21 *and maintain a list of qualified HUBZone small*
 22 *business concerns, which list shall, to the extent*
 23 *practicable—*

1 “(i) include the name, address, and
2 type of business with respect to each such
3 small business concern;

4 “(ii) be updated by the Administrator
5 not less than annually; and

6 “(iii) be provided upon request to any
7 Federal agency or other entity.”.

8 (b) *FEDERAL CONTRACTING*.—

9 (1) *IN GENERAL*.—*The Small Business Act (15*
10 *U.S.C. 631 et seq.) is amended—*

11 (A) *by redesignating section 31 as section*
12 *32; and*

13 (B) *by inserting after section 30 the follow-*
14 *ing:*

15 **“SEC. 31. HUBZONE PROGRAM.**

16 “(a) *IN GENERAL*.—*There is established within the*
17 *Administration a program to be carried out by the Admin-*
18 *istrator to provide for Federal contracting assistance to*
19 *qualified HUBZone small business concerns in accordance*
20 *with this section.*

21 “(b) *ELIGIBLE CONTRACTS*.—

22 “(1) *DEFINITIONS*.—*In this subsection—*

23 “(A) *the term ‘contracting officer’ has the*
24 *meaning given that term in section 27(f)(5) of*

1 *the Office of Federal Procurement Policy Act (41*
 2 *U.S.C. 423(f)(5)); and*

3 “(B) *the term ‘full and open competition’*
 4 *has the meaning given that term in section 4 of*
 5 *the Office of Federal Procurement Policy Act (41*
 6 *U.S.C. 403).*

7 “(2) *AUTHORITY OF CONTRACTING OFFICER.—*
 8 *Notwithstanding any other provision of law—*

9 “(A) *a contracting officer may award sole*
 10 *source contracts under this section to any quali-*
 11 *fied HUBZone small business concern, if—*

12 “(i) *the qualified HUBZone small*
 13 *business concern is determined to be a re-*
 14 *sponsible contractor with respect to per-*
 15 *formance of such contract opportunity, and*
 16 *the contracting officer does not have a rea-*
 17 *sonable expectation that 2 or more qualified*
 18 *HUBZone small business concerns will sub-*
 19 *mit offers for the contracting opportunity;*

20 “(ii) *the anticipated award price of the*
 21 *contract (including options) will not*
 22 *exceed—*

23 “(I) *\$5,000,000, in the case of a*
 24 *contract opportunity assigned a stand-*

1 *ard industrial classification code for*
2 *manufacturing; or*

3 *“(II) \$3,000,000, in the case of all*
4 *other contract opportunities; and*

5 *“(iii) in the estimation of the contract-*
6 *ing officer, the contract award can be made*
7 *at a fair and reasonable price;*

8 *“(B) a contract opportunity shall be award-*
9 *ed pursuant to this section on the basis of com-*
10 *petition restricted to qualified HUBZone small*
11 *business concerns if the contracting officer has a*
12 *reasonable expectation that not less than 2 quali-*
13 *fied HUBZone small business concerns will sub-*
14 *mit offers and that the award can be made at a*
15 *fair market price; and*

16 *“(C) not later than 5 days from the date the*
17 *Administration is notified of a procurement offi-*
18 *cer’s decision not to award a contract oppor-*
19 *tunity under this section to a qualified*
20 *HUBZone small business concern, the Adminis-*
21 *trator may notify the contracting officer of the*
22 *intent to appeal the contracting officer’s deci-*
23 *sion, and within 15 days of such date the Ad-*
24 *ministrator may file a written request for recon-*
25 *sideration of the contracting officer’s decision*

1 *with the Secretary of the department or agency*
2 *head.*

3 “(3) *PRICE EVALUATION PREFERENCE IN FULL*
4 *AND OPEN COMPETITIONS.—In any case in which a*
5 *contract is to be awarded on the basis of full and*
6 *open competition, the price offered by a qualified*
7 *HUBZone small business concern shall be deemed as*
8 *being lower than the price offered by another offeror*
9 *(other than another small business concern), if the*
10 *price offered by the qualified HUBZone small busi-*
11 *ness concern is not more than 10 percent higher than*
12 *the price offered by the otherwise lowest, responsive,*
13 *and responsible offeror.*

14 “(4) *RELATIONSHIP TO OTHER CONTRACTING*
15 *PREFERENCES.—A procurement may not be made*
16 *from a source on the basis of a preference provided in*
17 *paragraph (2) or (3), if the procurement would other-*
18 *wise be made from a different source under section*
19 *4124 or 4125 of title 18, United States Code, or the*
20 *Javits-Wagner-O’Day Act (41 U.S.C. 46 et seq.).*

21 “(c) *ENFORCEMENT; PENALTIES.—*

22 “(1) *VERIFICATION OF ELIGIBILITY.—In carry-*
23 *ing out this section, the Administrator shall establish*
24 *procedures relating to—*

1 “(A) the filing, investigation, and disposi-
2 tion by the Administration of any challenge to
3 the eligibility of a small business concern to re-
4 ceive assistance under this section (including a
5 challenge, filed by an interested party, relating
6 to the veracity of a certification made or infor-
7 mation provided to the Administration by a
8 small business concern under section 3(p)(5));
9 and

10 “(B) verification by the Administrator of
11 the accuracy of any certification made or infor-
12 mation provided to the Administration by a
13 small business concern under section 3(p)(5).

14 “(2) EXAMINATIONS.—The procedures established
15 under paragraph (1) may provide for program ex-
16 aminations (including random program examina-
17 tions) by the Administrator of any small business
18 concern making a certification or providing informa-
19 tion to the Administrator under section 3(p)(5).

20 “(3) PROVISION OF DATA.—Upon the request of
21 the Administrator, the Secretary of Labor, the Sec-
22 retary of Housing and Urban Development, and the
23 Secretary of the Interior (or the Assistant Secretary
24 for Indian Affairs), shall promptly provide to the Ad-
25 ministrator such information as the Administrator

1 *determines to be necessary to carry out this sub-*
 2 *section.*

3 “(4) *PENALTIES.*—*In addition to the penalties*
 4 *described in section 16(d), any small business concern*
 5 *that is determined by the Administrator to have mis-*
 6 *represented the status of that concern as a ‘HUBZone*
 7 *small business concern’ for purposes of this section,*
 8 *shall be subject to—*

9 “(A) *section 1001 of title 18, United States*
 10 *Code; and*

11 “(B) *sections 3729 through 3733 of title 31,*
 12 *United States Code.”.*

13 (2) *INITIAL LIMITED APPLICABILITY.*—*During*
 14 *the period beginning on the date of enactment of this*
 15 *Act and ending on September 30, 2000, section 31 of*
 16 *the Small Business Act (as added by paragraph (1)*
 17 *of this subsection) shall apply only to procurements*
 18 *by—*

19 (A) *the Department of Defense;*

20 (B) *the Department of Agriculture;*

21 (C) *the Department of Health and Human*
 22 *Services;*

23 (D) *the Department of Transportation;*

24 (E) *the Department of Energy;*

- 1 (F) the Department of Housing and Urban
 2 Development;
 3 (G) the Environmental Protection Agency;
 4 (H) the National Aeronautics and Space
 5 Administration;
 6 (I) the General Services Administration;
 7 and
 8 (J) the Department of Veterans Affairs.

9 **SEC. 603. TECHNICAL AND CONFORMING AMENDMENTS TO**
 10 **THE SMALL BUSINESS ACT.**

11 (a) *PERFORMANCE OF CONTRACTS.*—Section 8(d) of
 12 the Small Business Act (15 U.S.C. 637(d)) is amended—

13 (1) in paragraph (1)—

14 (A) in the first sentence, by striking “,,
 15 small business concerns owned and controlled by
 16 socially and economically disadvantaged indi-
 17 viduals” and inserting “, qualified HUBZone
 18 small business concerns, small business concerns
 19 owned and controlled by socially and economi-
 20 cally disadvantaged individuals”; and

21 (B) in the second sentence, by inserting
 22 “qualified HUBZone small business concerns,”
 23 after “small business concerns,”;

24 (2) in paragraph (3)—

1 (A) by inserting “qualified HUBZone small
2 business concerns,” after “small business con-
3 cerns,” each place that term appears; and

4 (B) by adding at the end the following:

5 “(F) In this contract, the term ‘qualified
6 HUBZone small business concern’ has the meaning
7 given that term in section 3(p) of the Small Business
8 Act.”;

9 (3) in paragraph (4)(E), by striking “small
10 business concerns and” and inserting “small business
11 concerns, qualified HUBZone small business concerns,
12 and”;

13 (4) in paragraph (6), by inserting “qualified
14 HUBZone small business concerns,” after “small
15 business concerns,” each place that term appears; and

16 (5) in paragraph (10), by inserting “qualified
17 HUBZone small business concerns,” after “small
18 business concerns,”.

19 (b) AWARDS OF CONTRACTS.—Section 15 of the Small
20 Business Act (15 U.S.C. 644) is amended—

21 (1) in subsection (g)(1)—

22 (A) by inserting “qualified HUBZone small
23 business concerns,” after “small business con-
24 cerns,” each place that term appears;

1 (B) in the second sentence, by striking “20
2 percent” and inserting “23 percent”; and

3 (C) by inserting after the second sentence
4 the following: “The Governmentwide goal for
5 participation by qualified HUBZone small busi-
6 ness concerns shall be established at not less than
7 1 percent of the total value of all prime contract
8 awards for fiscal year 1999, not less than 1.5
9 percent of the total value of all prime contract
10 awards for fiscal year 2000, not less than 2 per-
11 cent of the total value of all prime contract
12 awards for fiscal year 2001, not less than 2.5
13 percent of the total value of all prime contract
14 awards for fiscal year 2002, and not less than 3
15 percent of the total value of all prime contract
16 awards for fiscal year 2003 and each fiscal year
17 thereafter.”;

18 (2) in subsection (g)(2)—

19 (A) in the first sentence, by striking “, by
20 small business concerns owned and controlled by
21 socially and economically disadvantaged indi-
22 viduals” and inserting “, by qualified HUBZone
23 small business concerns, by small business con-
24 cerns owned and controlled by socially and eco-
25 nomically disadvantaged individuals”;

1 (B) in the second sentence, by inserting
 2 “qualified HUBZone small business concerns,”
 3 after “small business concerns,”; and

4 (C) in the fourth sentence, by striking “by
 5 small business concerns owned and controlled by
 6 socially and economically disadvantaged indi-
 7 viduals and participation by small business con-
 8 cerns owned and controlled by women” and in-
 9 serting “by qualified HUBZone small business
 10 concerns, by small business concerns owned and
 11 controlled by socially and economically dis-
 12 advantaged individuals, and by small business
 13 concerns owned and controlled by women”; and

14 (3) in subsection (h), by inserting “qualified
 15 HUBZone small business concerns,” after “small
 16 business concerns,” each place that term appears.

17 (c) OFFENSES AND PENALTIES.—Section 16 of the
 18 Small Business Act (15 U.S.C. 645) is amended—

19 (1) in subsection (d)(1)—

20 (A) by inserting “, a ‘qualified HUBZone
 21 small business concern’,” after “‘small business
 22 concern’,”; and

23 (B) in subparagraph (A), by striking “sec-
 24 tion 9 or 15” and inserting “section 9, 15, or
 25 31”; and

1 (2) in subsection (e), by inserting “, a
2 ‘HUBZone small business concern,’” after “‘small
3 business concern’,”.

4 **SEC. 604. OTHER TECHNICAL AND CONFORMING AMEND-**
5 **MENTS.**

6 (a) *TITLE 10, UNITED STATES CODE.*—Section 2323
7 of title 10, United States Code, is amended—

8 (1) in subsection (a)(1)(A), by inserting before
9 the semicolon the following: “, and qualified
10 HUBZone small business concerns (as defined in sec-
11 tion 3(p) of the Small Business Act)”; and

12 (2) in subsection (f)(1), by inserting “or as a
13 qualified HUBZone small business concern (as de-
14 fined in section 3(p) of the Small Business Act)” after
15 “(as described in subsection (a))”.

16 (b) *FEDERAL HOME LOAN BANK ACT.*—Section
17 21A(b)(13) of the Federal Home Loan Bank Act (12 U.S.C.
18 1441a(b)(13)) is amended—

19 (1) by striking “concerns and small” and insert-
20 ing “concerns, small”; and

21 (2) by inserting “, and qualified HUBZone
22 small business concerns (as defined in section 3(p) of
23 the Small Business Act)” after “disadvantaged indi-
24 viduals”.

1 (c) *SMALL BUSINESS ECONOMIC POLICY ACT OF*
 2 1980.—Section 303(e) of the *Small Business Economic Pol-*
 3 *icy Act of 1980 (15 U.S.C. 631b(e)) is amended—*

4 (1) *in paragraph (1), by striking “and” at the*
 5 *end;*

6 (2) *in paragraph (2), by striking the period at*
 7 *the end and inserting “; and”; and*

8 (3) *by adding at the end the following:*

9 “(3) *qualified HUBZone small business concern*
 10 *(as defined in section 3(p) of the Small Business*
 11 *Act).”.*

12 (d) *SMALL BUSINESS INVESTMENT ACT OF 1958.—*
 13 Section 411(c)(3)(B) of the *Small Business Investment Act*
 14 *of 1958 (15 U.S.C. 694b(c)(3)(B)) is amended by inserting*
 15 *before the semicolon the following: “, or to a qualified*
 16 *HUBZone small business concern (as defined in section*
 17 *3(p) of the Small Business Act)”.*

18 (e) *TITLE 31, UNITED STATES CODE.—*

19 (1) *CONTRACTS FOR COLLECTION SERVICES.—*
 20 Section 3718(b) of title 31, *United States Code, is*
 21 *amended—*

22 (A) *in paragraph (1)(B), by inserting “and*
 23 *law firms that are qualified HUBZone small*
 24 *business concerns (as defined in section 3(p) of*

1 *the Small Business Act)*” after “disadvantaged
2 *individuals*”; and

3 *(B) in paragraph (3)—*

4 *(i) in the first sentence, by inserting*
5 *before the period “and law firms that are*
6 *qualified HUBZone small business con-*
7 *cerns*”;

8 *(ii) in subparagraph (A), by striking*
9 *“and” at the end;*

10 *(iii) in subparagraph (B), by striking*
11 *the period at the end and inserting “; and”;*
12 *and*

13 *(iv) by adding at the end the following:*

14 *“(C) the term ‘qualified HUBZone small*
15 *business concern’ has the meaning given that*
16 *term in section 3(p) of the Small Business Act.”.*

17 (2) *PAYMENTS TO LOCAL GOVERNMENTS.—Sec-*
18 *tion 6701(f) of title 31, United States Code, is amend-*
19 *ed—*

20 *(A) in paragraph (1)—*

21 *(i) in subparagraph (A), by striking*
22 *“and” at the end;*

23 *(ii) in subparagraph (B), by striking*
24 *the period at the end and inserting “; and”;*
25 *and*

1 (iii) by adding at the end the follow-
2 ing:

3 “(C) qualified HUBZone small business
4 concerns.”; and

5 (B) in paragraph (3)—

6 (i) in subparagraph (A), by striking
7 “and” at the end;

8 (ii) in subparagraph (B), by striking
9 the period at the end and inserting “; and”;
10 and

11 (iii) by adding at the end the follow-
12 ing:

13 “(C) the term ‘qualified HUBZone small
14 business concern’ has the meaning given that
15 term in section 3(p) of the Small Business Act
16 (15 U.S.C. 632(o)).”.

17 (3) REGULATIONS.—Section 7505(c) of title 31,
18 United States Code, is amended by striking “small
19 business concerns and” and inserting “small business
20 concerns, qualified HUBZone small business concerns,
21 and”.

22 (f) OFFICE OF FEDERAL PROCUREMENT POLICY
23 ACT.—

1 (1) *ENUMERATION OF INCLUDED FUNCTIONS.*—
 2 *Section 6(d) of the Office of Federal Procurement Pol-*
 3 *icy Act (41 U.S.C. 405(d)) is amended—*

4 (A) *in paragraph (11), by inserting “quali-*
 5 *fied HUBZone small business concerns (as de-*
 6 *finied in section 3(p) of the Small Business*
 7 *Act),” after “small businesses,”; and*

8 (B) *in paragraph (12), by inserting “quali-*
 9 *fied HUBZone small business concerns (as de-*
 10 *finied in section 3(p) of the Small Business Act*
 11 *(15 U.S.C. 632(o)),” after “small businesses,”.*

12 (2) *PROCUREMENT DATA.*—*Section 502 of the*
 13 *Women’s Business Ownership Act of 1988 (41 U.S.C.*
 14 *417a) is amended—*

15 (A) *in subsection (a)—*

16 (i) *in the first sentence, by inserting*
 17 *“the number of qualified HUBZone small*
 18 *business concerns,” after “Procurement Pol-*
 19 *icy”; and*

20 (ii) *by inserting a comma after*
 21 *“women”; and*

22 (B) *in subsection (b), by inserting after*
 23 *“section 204 of this Act” the following: “, and*
 24 *the term ‘qualified HUBZone small business con-*
 25 *cern’ has the meaning given that term in section*

1 3(p) of the Small Business Act (15 U.S.C.
2 632(o)).”.

3 (g) *ENERGY POLICY ACT OF 1992*.—Section 3021 of
4 the Energy Policy Act of 1992 (42 U.S.C. 13556) is amend-
5 ed—

6 (1) in subsection (a)—

7 (A) in paragraph (2), by striking “or”;

8 (B) in paragraph (3), by striking the period
9 and inserting “; or”; and

10 (C) by adding at the end the following:

11 “(4) qualified HUBZone small business con-
12 cerns.”; and

13 (2) in subsection (b), by adding at the end the
14 following:

15 “(3) The term ‘qualified HUBZone small busi-
16 ness concern’ has the meaning given that term in sec-
17 tion 3(p) of the Small Business Act (15 U.S.C.
18 632(o)).”.

19 (h) *TITLE 49, UNITED STATES CODE*.—

20 (1) *PROJECT GRANT APPLICATION APPROVAL*
21 *CONDITIONED ON ASSURANCES ABOUT AIRPORT OPER-*
22 *ATION*.—Section 47107(e) of title 49, United States
23 Code, is amended—

24 (A) in paragraph (1), by inserting before
25 the period “or qualified HUBZone small busi-

ness concerns (as defined in section 3(p) of the Small Business Act)”;

(B) in paragraph (4)(B), by inserting before the period “or as a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)”; and

(C) in paragraph (6), by inserting “or a qualified HUBZone small business concern (as defined in section 3(p) of the Small Business Act)” after “disadvantaged individual”.

(2) *MINORITY AND DISADVANTAGED BUSINESS PARTICIPATION.*—Section 47113 of title 49, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking the period at the end and inserting a semicolon;

(ii) in paragraph (2), by striking the period at the end and inserting “; and”;

and

(iii) by adding at the end the following:

“(3) the term ‘qualified HUBZone small business concern’ has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).”; and

1 (B) in subsection (b), by inserting before the
 2 period “or qualified HUBZone small business
 3 concerns”.

4 **SEC. 605. REGULATIONS.**

5 (a) *IN GENERAL.*—Not later than 180 days after the
 6 date of enactment of this Act, the Administrator shall pub-
 7 lish in the Federal Register such final regulations as may
 8 be necessary to carry out this title and the amendments
 9 made by this title.

10 (b) *FEDERAL ACQUISITION REGULATION.*—Not later
 11 than 180 days after the date on which final regulations are
 12 published under subsection (a), the Federal Acquisition
 13 Regulatory Council shall amend the Federal Acquisition
 14 Regulation in order to ensure consistency between the Fed-
 15 eral Acquisition Regulation, this title and the amendments
 16 made by this title, and the final regulations published under
 17 subsection (a).

18 **SEC. 606. REPORT.**

19 Not later than March 1, 2002, the Administrator shall
 20 submit to the Committees a report on the implementation
 21 of the HUBZone program established under section 31 of
 22 the Small Business Act (as added by section 602(b) of this
 23 title) and the degree to which the HUBZone program has
 24 resulted in increased employment opportunities and an in-
 25 creased level of investment in HUBZones (as defined in sec-

tion 3(p) of the Small Business Act (15 U.S.C. 632(p)),
as added by section 602(a) of this title).

SEC. 607. AUTHORIZATION OF APPROPRIATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631
note) (as amended by section 101 of this Act) is amended—

(1) in subsection (c), by adding at the end the
following:

“(3) *HUBZONE PROGRAM.*—There are author-
ized to be appropriated to the Administration to
carry out the program under section 31, \$5,000,000
for fiscal year 1998.”;

(2) in subsection (d), by adding at the end the
following:

“(3) *HUBZONE PROGRAM.*—There are author-
ized to be appropriated to the Administration to
carry out the program under section 31, \$5,000,000
for fiscal year 1999.”; and

(3) in subsection (e), by adding at the end the
following:

“(3) *HUBZONE PROGRAM.*—There are author-
ized to be appropriated to the Administration to
carry out the program under section 31, \$5,000,000
for fiscal year 2000.”.

1 **TITLE VII—SERVICE DISABLED**
2 **VETERANS**

3 **SEC. 701. PURPOSES.**

4 *The purposes of this title are—*

5 (1) *to foster enhanced entrepreneurship among*
6 *eligible veterans by providing increased opportunities;*

7 (2) *to vigorously promote the legitimate interests*
8 *of small business concerns owned and controlled by el-*
9 *igible veterans; and*

10 (3) *to ensure that those concerns receive fair con-*
11 *sideration in purchases made by the Federal Govern-*
12 *ment.*

13 **SEC. 702. DEFINITIONS.**

14 *In this title:*

15 (1) *ELIGIBLE VETERAN.*—*The term “eligible vet-*
16 *eran” means a disabled veteran (as defined in section*
17 *4211(3) of title 38, United States Code).*

18 (2) *SMALL BUSINESS CONCERN OWNED AND CON-*
19 *TROLLED BY ELIGIBLE VETERANS.*—*The term “small*
20 *business concern owned and controlled by eligible vet-*
21 *erans” means a small business concern (as defined in*
22 *section 3 of the Small Business Act)—*

23 (A) *that is at least 51 percent owned by 1*
24 *or more eligible veterans, or in the case of a pub-*
25 *licly owned business, at least 51 percent of the*

1 *stock of which is owned by 1 or more eligible vet-*
 2 *erans; and*

3 *(B) whose management and daily business*
 4 *operations are controlled by eligible veterans.*

5 **SEC. 703. REPORT BY SMALL BUSINESS ADMINISTRATION.**

6 *(a) STUDY AND REPORT.—*

7 *(1) IN GENERAL.—Not later than 9 months after*
 8 *the date of enactment of this Act, the Administrator*
 9 *shall conduct a comprehensive study and submit to*
 10 *the Committees a final report containing findings*
 11 *and recommendations of the Administrator on—*

12 *(A) the needs of small business concerns*
 13 *owned and controlled by eligible veterans;*

14 *(B) the availability and utilization of Ad-*
 15 *ministration programs by small business con-*
 16 *cerns owned and controlled by eligible veterans;*

17 *(C) the percentage, and dollar value, of Fed-*
 18 *eral contracts awarded to small business con-*
 19 *cerns owned and controlled by eligible veterans*
 20 *in the preceding 5 fiscal years; and*

21 *(D) methods to improve Administration*
 22 *and other agency programs to serve the needs of*
 23 *small business concerns owned and controlled by*
 24 *eligible veterans.*

1 (2) *CONTENTS.*—*The report under paragraph (1) shall*
 2 *include recommendations to Congress concerning the need*
 3 *for legislation and recommendations to the Office of Man-*
 4 *agement and Budget, relevant offices within the Adminis-*
 5 *tration, and the Department of Veterans Affairs.*

6 (b) *CONDUCT OF STUDY.*—*In carrying out subsection*
 7 *(a), the Administrator—*

8 (1) *may conduct surveys of small business con-*
 9 *cerns owned and controlled by eligible veterans and*
 10 *service disabled veterans, including those who have*
 11 *sought financial assistance or other services from the*
 12 *Administration;*

13 (2) *shall consult with the appropriate committees*
 14 *of Congress, relevant groups and organizations in the*
 15 *nonprofit sector, and Federal or State government*
 16 *agencies; and*

17 (3) *shall have access to any information within*
 18 *other Federal agencies that pertains to such veterans*
 19 *and their small businesses, unless such access is spe-*
 20 *cifically prohibited by law.*

21 **SEC. 704. INFORMATION COLLECTION.**

22 *After the date of issuance of the report required by sec-*
 23 *tion 703(a), the Secretary of Veterans Affairs shall, in con-*
 24 *sultation with the Assistant Secretary for Veterans' Em-*
 25 *ployment and Training and the Administrator, engage in*

1 *efforts each fiscal year to identify small business concerns*
 2 *owned and controlled by eligible veterans in the United*
 3 *States. The Secretary shall inform each small business con-*
 4 *cern identified under this section that information on Fed-*
 5 *eral procurement is available from the Administrator.*

6 **SEC. 705. STATE OF SMALL BUSINESS REPORT.**

7 *Section 303(b) of the Small Business Economic Policy*
 8 *Act of 1980 (15 U.S.C. 631b(b)) is amended by striking*
 9 *“and female-owned businesses” and inserting “, female-*
 10 *owned, and veteran-owned businesses”.*

11 **SEC. 706. LOANS TO VETERANS.**

12 *Section 7(a) of the Small Business Act (15 U.S.C.*
 13 *636(a)) is amended by inserting after paragraph (7) the*
 14 *following:*

15 *“(8) The Administration may make loans under*
 16 *this subsection to small business concerns owned and*
 17 *controlled by disabled veterans (as defined in section*
 18 *4211(3) of title 38, United States Code).”.*

19 **SEC. 707. ENTREPRENEURIAL TRAINING, COUNSELING, AND**
 20 **MANAGEMENT ASSISTANCE.**

21 *The Administrator shall take such actions as may be*
 22 *necessary to ensure that small business concerns owned and*
 23 *controlled by eligible veterans have access to programs es-*
 24 *tablished under the Small Business Act that provide entre-*
 25 *preneurial training, business development assistance, coun-*

1 *seling, and management assistance to small business con-*
 2 *cerns, including, among others, the Small Business Develop-*
 3 *ment Center program and the Service Corps of Retired Ex-*
 4 *ecutives (SCORE) program.*

5 **SEC. 708. GRANTS FOR ELIGIBLE VETERANS' OUTREACH**
 6 **PROGRAMS.**

7 *Section 8(b) of the Small Business Act (15 U.S.C.*
 8 *637(b)) is amended—*

9 *(1) in paragraph (15), by striking “and” at the*
 10 *end;*

11 *(2) in the first paragraph designated as para-*
 12 *graph (16), by striking the period at the end and in-*
 13 *serting “; and”; and*

14 *(3) by striking the second paragraph designated*
 15 *as paragraph (16) and inserting the following:*

16 *“(17) to make grants to, and enter into contracts*
 17 *and cooperative agreements with, educational institu-*
 18 *tions, private businesses, veterans’ nonprofit commu-*
 19 *nity-based organizations, and Federal, State, and*
 20 *local departments and agencies for the establishment*
 21 *and implementation of outreach programs for dis-*
 22 *abled veterans (as defined in section 4211(3) of title*
 23 *38, United States Code).”.*

1 **SEC. 709. OUTREACH FOR ELIGIBLE VETERANS.**

2 *The Administrator, the Secretary of Veterans Affairs,*
3 *and the Assistant Secretary of Labor for Veterans' Employ-*
4 *ment and Training, shall develop and implement a pro-*
5 *gram of comprehensive outreach to assist eligible veterans,*
6 *which program shall include business training and man-*
7 *agement assistance, employment and relocation counseling,*
8 *and dissemination of information on veterans' benefits and*
9 *veterans' entitlements.*

Attest:

Secretary.

105TH CONGRESS
1ST SESSION

S. 1139

**SENATE AMENDMENT TO
HOUSE AMENDMENT**